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# STATE OF MONTANA



## GENERAL

## RULES AND REGULATIONS

and

## RULES OF PRACTICE AND PROCEDURE

Relating to

# OIL AND GAS

Published by

OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF MONTANA  
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GENERAL RULES AND REGULATIONS  
AND  
RULES OF PRACTICE AND PROCEDURE  
RELATING TO

OIL AND GAS

COMMISSIONERS

WINSTON L. COX, Chairman  
525 Securities Bldg.  
Billings, Montana 59101

L. V. HARRIS  
Horsky Block Bldg.  
Helena, Montana 59601

E. G. BALSAM  
2300 Pearl  
Miles City, Montana 59301

ALLEN ZIMMERMAN  
P. O. Box 277  
Poplar, Montana 59255

C. J. IVERSON  
Whitlash, Montana 59545

ADMINISTRATORS

NORMAN J. BEAUDRY, Helena  
Executive Secretary

JUDSON D. SWEET  
Petroleum Engineer  
15 Poly Drive  
Billings, Montana 59101

DONALD A. GARRITY, Helena  
Attorney

HERBERT D. HADLEY  
Geologist  
15 Poly Drive  
Billings, Montana 59101

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# **General Rules and Regulations**

## **AND**

# **Rules of Practice and Procedure**

### **RELATING TO**

# **Oil and Gas**

**EFFECTIVE JANUARY 1, 1954, AS AMENDED**

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## **GENERAL**

### **101 EFFECTIVE SCOPE OF RULES AND REGULATIONS**

General Rules and Regulations shall be state-wide in application unless otherwise specifically stated. Special rules, regulations and orders will be issued when required and shall prevail as against General Rules and Regulations if in conflict therewith. All regulations, rules, operating regulations and rules of practice governing the conservation of oil and gas in Montana which have been heretofore promulgated by the Oil Conservation Board under the provisions of Sections 60-101 through 60-123, inclusive, of the Revised Codes of Montana, 1947, by the Board of Railroad Commissioners under the provisions of Sections 8-208 and 60-101, Revised Codes of Montana, 1947, and by the Oil and Gas Conservation Commission of the State of Montana under the provisions of Sections 60-124 through 60-145, Revised Codes of Montana, 1947, as amended, are hereby repealed, rescinded and superceded by these rules and regulations.

### **102 DEFINITIONS**

Unless the context otherwise requires, the words defined shall have the following meaning when found in these rules, to-wit:

- 102.1 "Acidizing" shall mean introduction of acid into a formation containing oil or gas to increase the producing ability of a well by dissolving a part of the reservoir rock, or to clean the face of a formation.
- 102.2 "Artificial lift" shall mean any method by which oil or water is removed from a well bore by use of energy transmitted from the surface through the same well bore.
- 102.3 "Barrel" shall mean a quantity equal to forty-two (42) United States gallons at a temperature of 60 degrees Fahrenheit and at atmospheric pressure.
- 102.4 "Blow-out" shall mean an uncontrolled escape of drilling fluid, water, oil, or gas from a well.



- 102.5 "Blow-out preventer" shall mean an effective casinghead control equipped with special gates or rams which can be closed around the drill pipe or which completely closes the top of the casing.
- 102.6 "Bottom hole pressure" shall mean the pressure in pounds per square inch determined at the face of the producing horizon by means of a pressure recording instrument, adopted and recognized by the oil and gas industry. In the case of pumping or dually completed wells a sonic device may be used. In the case of gas wells or wells having no liquid in the well bore, it shall mean the pressure as calculated by adding the pressure at the surface of the ground to the calculated weight of the column of gas from the surface to the bottom of the hole.
- 102.7 "Casing pressure" shall mean the pressure existing at the well head in the annulus between the casing and tubing.
- 102.8 "Casinghead gas" shall mean any gas or vapor, or both gas and vapor, indigenous to an oil stratum and produced from such stratum with oil.
- 102.9 "Combination well" shall mean a well productive of both oil and gas in commercial quantities from the same common source of supply.
- 102.10 "Completion date" (1) of an oil well shall be the date when the first oil is produced through well-head equipment into lease tanks from the ultimate producing interval after casing has been run, (2) of a gas well shall be the date when the well is capable of producing gas through well-head equipment from the ultimate producing interval after casing has been run, and (3) of a dry hole shall be the date the top of the surface casing is sealed with a cement plug, steel cap or plate, or other approved method.
- 102.11 "Completion report" shall mean Commission Report Form No. 4, which is to be submitted to the Commission in triplicate for all wells drilled as specified in Rule 230.
- 102.12 "Commission" shall mean the Oil and Gas Conservation Commission of Montana. (Section 60-126.B., Revised Codes of Montana, 1947, as amended.)
- 102.13 "Common source of supply" is synonymous with pool.
- 102.14 "Condensate" shall mean the liquid produced by the condensation of a vapor or gas either after it leaves the reservoir or while still in the reservoir. Condensate is often called Distillate, Drips, White Oil, etc.
- 102.15 "Controlled gas field" shall mean any common source of supply of natural gas discovered after July 1, 1951, or any field discovered prior to July 1, 1951, provided any pool therein has been discovered after July 1, 1951, unless otherwise designated by the Commission.
- 102.16 "Controlled oil field" shall mean any common source of supply of crude oil discovered after July 1, 1951, or any field discovered prior to July 1, 1951, provided any pool therein has been discovered after July 1, 1951, unless otherwise designated by the Commission.
- 102.17 "Controlled production" shall mean the production of oil or gas or both oil and gas from a controlled oil or gas field, unless otherwise designated by the Commission.

- 102.18 "Crude oil" shall mean petroleum oil, and other hydrocarbons, regardless of gravity, which are produced at the well in liquid form by ordinary production methods, and which are not the result of condensation of gas before or after it leaves the reservoir.
- 102.19 "Cubic foot of gas" shall mean the volume of gas contained in one cubic foot of space at a standard pressure base and a standard temperature base. The standard pressure base shall be 15.025 pounds per square inch absolute and the standard temperature base shall be 60° Fahrenheit.
- 102.20 "Day" shall mean a period of twenty-four consecutive hours.
- 102.21 "Dry gas" shall mean natural gas obtained from pools that produce gas only; or natural gas obtained which does not contain the heavier fractions which may easily condense under normal atmospheric conditions; not casinghead gas.
- 102.22 "Field" means the general area underlaid by one or more pools. (Section 60-126.G., Revised Codes of Montana, 1947, as amended.)
- 102.23 "Fracturing" shall mean the introduction of fluid which may or may not carry in suspension a propping agent introduced under high pressure into a formation containing oil or gas for the purpose of creating cracks in said formation to serve as channels for fluids to move to or from the well bore.
- 102.24 "Gas" means and includes all natural gases and all other fluid hydrocarbons as produced at the well-head and not hereinabove or hereinafter defined as oil. (Section 60-126.E., Revised Codes of Montana, 1947, as amended.)
- 102.25 "Gas allowable" shall mean the amount of natural gas authorized to be produced by order of the Commission in connection with the prevention of waste.
- 102.26 "Gas-oil ratio" shall mean the ratio of production of gas in standard cubic feet to oil in barrels produced concurrently during any stated period.
- 102.27 "Gas injection" shall mean the introduction of gas or air into a common source of supply in order to replenish, replace or increase the energy of the reservoir.
- 102.28 "Gas well" shall mean (a) a well which produces natural gas only; (b) any well capable of producing gas in commercial quantities and also producing oil from the same common source of supply but not in commercial quantities; or (c) any well classed as a gas well by the Commission for any reason.
- 102.29 "Illegal gas" shall mean gas which has been produced from any well or wells in violation of any law or of any rule, regulation, or order of the Commission.
- 102.30 "Illegal oil" shall mean oil which has been produced from any well or wells in violation of any law or of any rule, regulation, or order of the Commission.



- 102.31 "MER" means the rate of production of oil, gas and water from a well, wells, or pool which the Commission finds will result in the maximum ultimate recovery of oil and gas from the pool, under prudent and proper operations.
- 102.32 "Oil" means and includes crude petroleum oil and other hydrocarbons regardless of gravity which are produced at the well-head in liquid form by ordinary production methods, and which are not the result of condensation of gas before or after it leaves the reservoir. (Section 60-126.D., Revised Codes of Montana, 1947, as amended.)
- 102.33 "Oil allowable" shall mean the amount of oil authorized to be produced by order of the Commission in connection with the prevention of waste.
- 102.34 "Oil well" shall mean any well capable of producing oil in paying quantities; not a gas well.
- 102.35 "Operator" shall mean any person who, duly authorized, is in charge of development and/or producing operations.
- 102.36 "Owner" means the person who has the right to drill into and produce from a pool and to appropriate the oil or gas produced therefrom either for himself or others or for himself and others, and includes all persons holding such authority by or through him. (Section 60-126.H., Revised Codes of Montana, 1947, as amended.)
- 102.37 "Permeability" is that property of a porous media which designates its ability to transmit fluids.
- 102.38 "Person" means and includes any natural person, corporation, association, partnership, receiver, trustee, executor, administrator, guardian, fiduciary, or other representative of any kind, and includes any department, agency, or instrumentality of the State or any governmental subdivision thereof; the masculine gender, in referring to a person, includes the feminine and the neuter genders. (Section 60-126.C., Revised Codes of Montana, 1947, as amended.)
- 102.39 "Pool" means an underground reservoir containing a common accumulation of oil or gas or both; each zone of a structure which is completely separated from any other zone in the same structure is a pool, as that term is used herein. (Section 60-126.F., Revised Codes of Montana, 1947, as amended.)
- 102.40 "Porosity" is the ratio of rock pore volume to rock bulk volume expressed as a percentage.
- 102.41 "Potential" shall mean the actual or properly computed daily ability of a well to produce oil or gas, either or both, as determined by the rules and regulations of the Commission.
- 102.42 "Pressure maintenance" shall mean the introduction of fluid or fluids into an oil or gas reservoir to retard the decline of or increase the pressure of the reservoir.
- 102.43 "Producer" means the owner of a well or wells capable of producing oil or gas or both. (Section 60-126.I., Revised Codes of Montana, 1947, as amended.)



- 102.44 "Proved productive area" shall mean that area which has been shown by development and/or geological information to be such that additional wells drilled thereon are reasonably certain to be commercially productive of oil or gas, or both.
- 102.45 "Purchaser" shall mean any person who directly or indirectly purchases, transports, takes, or otherwise removes production to his account from a well, wells, or pool.
- 102.46 "Reservoir pressure" is bottom hole pressure under static conditions.
- 102.47 "Spacing unit" shall mean the area that can be efficiently drained by one well, and the size and shape of spacing units are to be such as will result in the efficient and economic development of the pool.
- 102.48 "Stratigraphic well or core hole" shall mean a well drilled for stratigraphic information only. If a test for fluid productivity is made in such well, the well must be reclassified as "wildcat or exploratory" and is subject to all the rules and regulations of a well drilled for oil or gas. Wells drilled in a delineated field to known productive horizons cannot be classified as "stratigraphic."
- 102.49 "Stripper well" shall mean a well which is not capable of producing an average of 25 barrels of oil per day for a calendar month.
- 102.50 "Tubing pressure" shall mean the pressure existing in the tubing at the well-head.
- 102.51 "Water injection or water flooding" is the injection of water into a pool through one or several wells to achieve displacement of the oil from the pool.
- 102.52 "Waste" means and includes (1) physical waste, as the term is generally understood in the oil and gas industry, (2) the inefficient, excessive, or improper use of, or the unnecessary dissipation of reservoir energy, (3) the location, spacing, drilling, equipping, operating or producing of any oil or gas well or wells in a manner which causes, or tends to cause, reduction in the quantity of oil or gas ultimately recoverable from a pool under prudent and proper operations, or which causes or tends to cause unnecessary or excessive surface loss or destruction of oil or gas and (4) the inefficient storing of oil or gas; provided, however, that the production of oil or gas from any pool or by any well to the full extent that such well or pool can be produced in accordance with methods, designed to result in maximum ultimate recovery, as shall be determined by the Commission, shall not be deemed to be waste within the meaning of this definition. (Section 60-126.A., Revised Codes of Montana, 1947, as amended.)
- 102.53 "Well logs" shall mean electrical, radiation, sonic, or other routine logs run by mechanical means in a well and any and all other logs, surveys, analyses and reports run or made.
- 102.54 "Well, wildcat or exploratory" shall mean any well drilled for oil or gas outside of a delineated field or a well drilled to a stratum other than then productive within a delineated field. It shall not mean, nor include, a stratigraphic well or core hole.

### **103 OFFICE AND DUTIES OF PETROLEUM ENGINEER**

The office of the Petroleum Engineer of the Commission is hereby created. It shall be the duty of the Petroleum Engineer to aid the Commission in the administration of Sections 60-124 through 60-145, Revised Codes of Montana, 1947, as amended, and under the direction of the Commission, to aid in the enforcement of all the rules and regulations of the Commission.

### **104 OFFICE AND DUTIES OF EXECUTIVE SECRETARY**

The office of Executive Secretary to the Commission is hereby created. The duties of the Executive Secretary shall be as prescribed in Sections 60-124 through 60-145, Revised Codes of Montana, 1947, as amended, in the Rules of Practice and Procedure before the Commission, and as may be from time to time prescribed by the Commission.

### **105 OFFICE AND DUTIES OF GEOLOGIST**

The office of Geologist of the Commission is hereby created. It shall be the duty of the Geologist to be responsible for and advise the Commission on matters of a geological nature that come before it, and to prepare such geological reports as the Commission may require from time to time. The Geologist shall be responsible for the collection and handling of formation samples required by Section 60-144, Revised Codes of Montana, 1947, as amended, and Commission Rule 229, relative to cores and cuttings, hereinafter set forth.

### **106 AUTHORITY OF PETROLEUM ENGINEER**

The Petroleum Engineer and his authorized agents shall have the right at all reasonable times to go upon and inspect any oil and gas properties and wells for the purpose of making any investigation or tests to ascertain whether the provisions of Sections 60-124 through 60-145, Revised Codes of Montana, 1947, as amended, or these rules or any special rules, regulations or orders are being complied with and shall report any violation thereof to the Commission.

### **107 ACCESS TO RECORDS**

The Petroleum Engineer and his authorized agents shall have access to all factual well records. All owners, drilling contractors, drillers, service companies, or other persons engaged in drilling or servicing wells, shall permit the Petroleum Engineer or authorized agents, at his or their risk, in the absence of negligence on the part of the owner, to come upon any lease, property or well operated or controlled by them, and to inspect the record and operation of such wells, and to have access at all times to any and all records of wells; provided, that information so obtained shall be kept confidential.

### **108 NAMING OF POOLS**

All oil and gas pools discovered in the State subsequent to the adoption of these rules and regulations shall be named by the Commission.

## 109 ORGANIZATION REPORTS

Within thirty (30) days after the adoption of these rules, every person acting as principal or as agent for another who is independently engaged in oil and gas operations in the State of Montana shall file under oath with the Commission on Form No. 1 a statement giving the following information: The name under which such business is being operated or conducted; the name and post office address of such person and the business or businesses in which he is engaged; the plan of organization and, in case of a corporation, the law under which it is chartered; and the post office addresses of any persons acting as trustees together with the names of the manager, agent, or executive thereof, and the names and post office addresses of any officers thereof. Thereafter, any person who subsequently commences engaging in any such operations shall file such a statement prior to commencement of operations. Immediately after any change occurs as to facts stated in the report filed, a supplementary report under oath, shall be filed with the Commission with respect to such change.

## 110 SEAL OF COMMISSION

A seal is hereby adopted with the words engraved thereon: "Oil and Gas Conservation Commission of Montana", and such seal shall be affixed to all writs, authentication of records, or other official proceedings of the Commission.



## **DRILLING, DEVELOPMENT, PRODUCING AND ABANDONMENT**

### **201 NOTICE OF INTENTION AND PERMIT TO DRILL; COMPLETION AND RECOMPLETION**

(a) No person shall commence the drilling of a well for oil or gas without first giving to the Commission written notice of intention to drill on Form No. 2, and obtaining a drilling permit from the Commission. Prior to the commencement of recompletion operations on any oil or gas well, notice shall likewise be delivered to the Commission of such intention and approval obtained.

(b) Notice of intention to drill shall be accompanied by a survey plat certified by a registered surveyor, engineer or other person qualified by experience and acceptable to the Commission. The survey plat must show (1) the location of the proposed well with reference to the nearest producible oil or gas well producing from the same reservoir as the proposed well and located on the same lease or unit and (2) the nearest lines of established public survey.

(c) Notice of intention to drill an oil and/or gas well shall also be accompanied by payment of a fee, as follows: for each well whose estimated depth is thirty-five hundred (3500) feet or less, twenty-five dollars (\$25.00); from thirty-five hundred and one (3501) feet to seven thousand (7000) feet, seventy-five dollars (\$75.00); seven thousand and one (7,001) feet and deeper, one hundred fifty dollars (\$150.00). Permits for deepening wells shall require the payment of fees for the estimated new total depth; where fees have been paid for previous depth, credit shall be given therefor.

(d) If the notice complies in all respects with the applicable rules and regulations of the Commission, a permit shall be issued promptly by the Petroleum Engineer or his authorized agent. If drilling is not commenced, no such permit to drill shall be valid after the expiration of a period of ninety (90) days from the date of the issuance thereof by the Commission or its authorized agents unless application for an extension of time, in writing, is made therefor by the permittee. No more than one 90-day extension shall be granted, and any permittee who fails to commence drilling within the 90-day period of the permit or the 90-day extension, if granted, must file a new Notice of Intention to Drill and pay the fee therefor. If the notice does not comply in all respects with such rules and regulations, said notice shall be disallowed, and the Petroleum Engineer or his authorized agent shall promptly notify the person of the reason or reasons for such disallowance.

(e) No person shall commence the drilling of a stratigraphic test well without first filing with the Commission Form No. 2, showing location, elevation, and proposed work, and obtaining a no-fee drilling permit from the Commission.

### **202 TRANSFER OF PERMITS**

No person to whom a permit has been issued shall transfer the permit to any other location or to any other person until the following requirements have been complied with:



(a) If, prior to the drilling of a well the person holding a permit desires to change the location, he shall submit another notice on Form 2 with a survey plat as specified in Rule 201 (b). No additional permit fee is necessary if the estimated depth is to be the same as the originally intended well, but drilling shall not be started until the transfer has been approved.

(b) If, while a well is drilling the person holding the permit disposes of his interests in the well, he shall submit a written statement on Form No. 2 within ten (10) days after the rights are disposed of, to the Commission requesting that the permit be transferred to the person who has acquired the well.

### 203 SPACING OF WELLS

In proven oil and gas fields the spacing of wells, as well as the establishment of spacing units will be governed by special field rules for the particular field, to be adopted after notice and hearing. In the absence of special field rules, the following rules shall govern:

(a) Unless a special exception is granted after notice and hearing no stratigraphic test or core hole, nor wildcat or exploratory well with a projected depth of six thousand (6,000) feet or less shall be located closer than three hundred thirty (330) feet from any legal subdivision line except that a seventy-five (75) foot tolerance to move closer to the quarter-quarter section lines will be allowed in extremely rough terrain where it is impractical to move in any other direction but only after inspection of the location by a representative of the Commission and subsequent approval by the Petroleum Engineer or his authorized agent.

A legal subdivision is hereby defined by the Commission as being a regular governmental quarter-quarter section or governmental lot corresponding thereto, consisting of forty (40) acres more or less.

No stratigraphic test or core hole nor wildcat or exploratory well with a projected depth greater than six thousand (6,000) feet shall be located closer than six hundred-sixty (660) feet from any governmental quarter section line except that a one-hundred fifty (150) foot tolerance to move closer to the quarter section lines will be allowed in extremely rough terrain where it is impractical to move in any other direction, but only after inspection of the location by a representative of the Commission and subsequent approval by the Petroleum Engineer or his authorized agent.

(b) Unless a special exception is granted after notice and hearing, no oil well with a projected depth of six thousand (6,000) feet or less shall be located closer than three hundred thirty (330) feet from any legal subdivision line, and only one (1) well shall be permitted to produce from the same reservoir within the same legal subdivision.

No oil well with a projected depth greater than six thousand (6,000) feet shall be located closer than six hundred sixty (660) feet from any governmental quarter section line, and only one (1) well shall be permitted to produce from the same reservoir within the same governmental quarter section.

(c) Unless a special exception is granted after notice and hearing, no gas well shall be located closer than nine hundred ninety (990) feet from any

governmental section line, and only one well shall be permitted to produce from the same reservoir within the same governmental section.

(d) 1. Upon receipt by the Commission at its Helena, Montana office, of an application or petition from any person requesting the establishment of special field rules for spacing of wells within a certain designated area, all or a portion of which is not then subject to field rules; or,

2. Upon decision by the Commission to call a hearing for the establishment of such special field rules, applications for permits to drill within such area will be held in abeyance by the Commission until such time as the matter has been fully heard and determined unless the location of the well or wells in such applications to drill conform to the spacing applied for. In the event two or more applications for spacing covering all or a portion of the same area are awaiting hearings at the same time, applications for permits to drill within such area will be approved only if such applications conform to the largest spacing applied for.

## **204 BOND TO BE FURNISHED**

The Commission, except as hereinafter provided, shall require from the owner a good and sufficient bond on Form No. 3 in the sum of \$5000 where one well is to be drilled to any depth, payable to the State of Montana, conditioned for the performance of the duty to properly plug each dry or abandoned well and restore the surface of the location to its original contours insofar as such restoration is practicable unless the owner of the surface requests otherwise and executes a release to that effect in accordance with the rules and regulations of the Commission.

Said bond shall remain in force and effect until the plugging and restoration of the surface has been approved by the Commission or a new bond is filed by a successor in interest or the bond is released by the Commission. Upon release by the Commission, said bond may be terminated and cancelled.

It is further provided that where the owner is to drill more than one well, the Commission shall require from such owner a good and sufficient bond on Form No. 3, in the sum of \$10,000.00 payable to the State of Montana, and conditioned as provided for above. Upon acceptance and approval by the Commission, such bond shall be considered as being in compliance with the foregoing provisions. The Commission shall require an increase, by appropriate rider, of any bond from \$5,000.00 to \$10,000.00 or from \$10,000.00 to \$20,000.00 when, in the opinion of the Commission, the factual situation warrants such an increase in order for any owner to be in compliance with this rule.

## **205 IDENTIFICATION**

The owner shall permanently mark all wells, producing properties and tanks in a conspicuous place with his name, lease name, and, as to a well, number of the well and legal description of the well.

## **206 DRILLING**

### **206.1 Rotary Drilling Procedure**

Unless altered, modified, or changed for particular common sources



of supply, upon notice and hearing before the Commission, the following rules on "Drilling Procedure" shall apply to wells drilled with rotary tools:

(a) Casing Requirements and Cementing:

Suitable and safe surface casing shall be used in all wells. In all wells drilled in areas where pressure and formations are unknown, sufficient surface casing shall be run to reach a depth below all potable fresh water located at levels reasonably accessible for agricultural and domestic use. Surface casing shall be set in or through an impervious formation and shall be cemented by the pump and plug or displacement method with sufficient cement to circulate to the top of the well. If and when it becomes necessary to run a production string, such string shall be cemented by the pump and plug method or any other recognized method and shall be properly tested by the pressure method before cement plugs are drilled.

All cemented casing strings shall stand under pressure until the cement has reached a compressive strength of 300 pounds per square inch; provided, however, that no tests shall be commenced until the cement has been in place for at least eight (8) hours. The term "under pressure" as used herein will be complied with if one float valve is used or if pressure is otherwise held.

(b) Blow-out Preventers and Casingheads:

In all proven areas, the use of blow-out prevention equipment shall be in accordance with established practice in the area.

In unproven areas all drilling wells shall be equipped with a mastergate or its equivalent and an adequate blowout preventor, together with choke and kill line or lines of the proper size and working pressures. The entire control equipment shall be in good working condition at all times.

206.2 Cable Drilling Procedure

Before commencing to drill, proper and adequate slush pits shall be constructed for the reception of mud of sufficient quality and quantity so that such mud may be available if and when the hole is plugged.

Where cable tools are used, sufficient casing shall be set to protect all potable fresh water located at levels reasonably accessible for agricultural and domestic use, and such casing shall be tested by bailing to insure a shutoff before drilling below the casing point proceeds.

Natural gas which may be encountered in a substantial quantity in any section of a cable tool drilled hole above the ultimate objective shall be shut-off with reasonable diligence either by mudding or by casing, or other approved method, and confined to its original source. Any gas escaping from the well during drilling operations shall be conducted to a safe distance from the well site. This shall not prohibit the use of natural gas produced from the bradenhead for lease operations.

Casing program adopted for cable tool drilled wells must be so planned as to protect any potential oil or gas bearing horizons pene-

trated during drilling from infiltration of injurious waters from other horizons, and to prevent the migration of oil or gas from one horizon to another.

### **206.3 Well Completion and Recompletion Reports**

- (a) Within thirty (30) days after the completion of a well drilled for oil or gas (except wildcat or exploratory wells), a completion report shall be filed with the Commission on Form No. 4.
- (b) Within thirty (30) days after the completion of any repair, deepening, reconditioning, re-perforating or recompletion, a detailed report of work done and results obtained shall be filed with the Commission on Form No. 2.

## **207 SURFACE EQUIPMENT**

Wellhead equipment shall be installed and maintained in satisfactory condition so that static bottom-hole pressures and operating gas-oil ratios may be obtained at any time. Valves shall be installed so that pressure can be readily obtained on both casing and tubing. However, exceptions may be granted by the Petroleum Engineer or his authorized agent when warranted by operating practices.

## **208 FIRE HAZARD**

Any rubbish or debris that might constitute a fire hazard shall be removed to a distance of at least 150 feet from the well site, tanks, and separator. All waste oil shall be burned or disposed of in a manner to avert creating a fire hazard. The owner shall prevent any oil or gas well from blowing open and shall take immediate steps and exercise due diligence to bring under control any "wild" or burning oil or gas well.

## **209 CHOKES**

All flowing oil wells shall be equipped with chokes or other adequate control equipment to insure proper and safe operations during normal production practices.

## **210 SEPARATORS**

All flowing oil wells must be produced through an adequate oil and gas separator or emulsion treater; provided, however, the Petroleum Engineer or his authorized agent may approve producing wells without a separator or emulsion treater.

## **211 FIRE WALLS**

When it is deemed necessary by the Commission to protect life, health, or property, the Commission may require any lease tanks or oil storage tanks to be surrounded by an earthen dike which shall have a capacity of one and one-half (1½) times the capacity of the tank or tanks it surrounds, which dike shall be continually maintained; and the reservoir within shall be kept free from vegetation, water or oil.



## **212 RESTORATION OF SURFACE**

The owner shall, as soon as weather or ground conditions permit, upon the final abandonment and completion of the plugging of any well, restore the surface of the location to its original contours insofar as such restoration is practicable unless the owner of the surface requests otherwise and executes a release to that effect.

## **213 DEVIATION**

Unless otherwise ordered by the Commission upon hearing, all wells shall be so drilled that the horizontal distance between the bottom of the hole and the location at the top of the hole shall be at all times at a practical minimum.

Before beginning controlled directional drilling, except for the purpose of straightening the hole, sidetracking junk or correcting mechanical difficulties, when the intent is to direct the bottom of the hole away from the vertical, notice of the intention on Form No. 2 to do so shall be filed with the Commission and approval obtained. Such notice shall state clearly the depth, exact surface location of the well bore, proposed direction of deviation, and proposed horizontal distance between the bottom of the hole and the surface location. If approval is obtained, the owner shall file with the Commission, within thirty (30) days after the completion of the work, an accurate and complete copy of the survey made.

## **214 VACUUM PUMPS PROHIBITED**

The use of vacuum pumps for the purpose of putting a vacuum on any gas or oil-bearing stratum is hereafter prohibited; however, the Commission may upon application, for good cause shown, permit the use of vacuum pumps.

## **215 PRODUCTION PRACTICE**

All flowing oil wells shall be equipped with and produced through tubing, unless the well is a dual completion.

## **216 PULLING CASING**

No casing shall be pulled from any well regardless of its status, without first filing Form No. 2 and securing approval of the Petroleum Engineer or his authorized agent.

## **217 NOTIFICATION OF FIRE, BREAKS, LEAKS OR BLOW-OUTS**

All persons controlling or operating any oil or gas wells or pipelines, or receiving tanks, storage tanks, or receiving and storage receptacles into which crude oil is produced, received, or stored, or through which oil is piped or transported, shall promptly notify the Commission by letter giving full details concerning all fires which occur at such oil or gas wells or tanks or receptacles on their property, and all such persons shall promptly report all tanks or receptacles struck by lightning and any other fire which destroys oil or gas, and shall promptly report any breaks or leaks in or from tanks, or from tanks or receptacles and pipelines from which oil or gas is escaping or

has escaped. In all such reports of fires, breaks, leaks, or escapes, or other accidents of this nature, the location of the well, tank, receptacle, or line break shall be given by Section, Township, Range and property so that the exact location thereof can be readily located on the ground. Such report shall likewise specify what steps have been taken or are in progress to remedy the situation reported and shall estimate the quantity of oil or gas lost, destroyed or permitted to escape. In case any tank or receptacle is permitted to run over, the escape thus occurring shall be reported as in the case of a leak. The report hereby required as to losses shall be necessary only in case an oil loss exceeds fifty (50) barrels in the aggregate and a gas loss exceeds 3,000 MCF in the aggregate.

## **218 PRODUCING FROM DIFFERENT POOLS THROUGH THE SAME CASING**

No well drilled after the effective date of these rules and regulations shall be permitted to produce either oil or gas from different pools through the same string of casing without first receiving written permission from the Commission, which may require, at the discretion of the Commission, notice and hearing.

## **219 DUAL COMPLETION OF WELLS**

No well may hereafter be dually completed or dually recompleted without first notifying the Commission on Form No. 2 and each offset operator in writing at least ten (10) days prior to the commencement of such completion or recompletion operation, nor without approval of the Petroleum Engineer or his authorized agent obtained after such ten (10) days. If within such ten (10) days, any offset operator shall file with the Commission a written protest to the proposal, the matter shall be immediately set down for hearing, after notice, and the well shall not be completed or recompleted until permitted by order of the Commission after such hearing.

## **220 USE OF EARTHEN RESERVOIRS**

Oil shall not be stored or retained in earthen storage reservoirs or in open receptacles.

## **221 RESERVOIR SURVEYS**

As directed by the Commission surveys shall be made of the reservoirs or pools in this State containing oil and gas. These surveys will be thorough and complete and shall be made by the operator or his agent under the supervision of agents of the Commission. The condition of the reservoirs or pools containing oil and gas and the practices and methods employed by the operators shall be investigated.

The source of crude oil and natural gas; the pressure of the reservoir as an average; the areas of regional or differential pressure; stabilized gas-oil ratios and water-oil ratios, and the producing characteristics of the field as a whole and the individual wells within the field shall be specifically included.

Provided, however, the Commission will accept from field engineering committees (petroleum engineering, geological, and statistical groups), or men



engaged in the petroleum industry in such an advisory capacity, a periodic record of the physical behavior of the oil and gas reservoirs of Montana. These factual data shall be gathered and arranged in such fashion as to permit rapid evaluation of the oil and gas recovery efficiency of the individual reservoir or pools by the Commission.

## **222 GAS TO BE METERED**

All gas when produced and sold shall be metered unless otherwise permitted by the Commission.

## **223 GAS-OIL RATIO TESTS**

Within thirty (30) days following the completion, and within thirty (30) days following each recompletion of each well producing oil and either gas or casinghead gas or both, the owner of such well shall make a gas-oil ratio test of such well and results of such test shall be reported to the Commission on Form No. 11 within twenty (20) days after the test is made. Also, thereafter, each operator shall make a gas-oil ratio test at such other time or times as the Commission may hereafter designate, and similarly report the results of each such test, within the time specified.

## **224 SUBSURFACE TESTS**

Within thirty (30) days following the completion of each well in any pool, whether such well produces oil or gas or both, the owner of such well shall make a subsurface pressure test on such well, and shall report the results thereof to the Commission, on Form No. 11 within twenty (20) days after such test is made. Each such well shall remain completely shut in for at least twenty-four (24) hours prior to the test. The subsurface determination shall be obtained as close as reasonably possible to the mid-point of the productive section of the reservoir. Further, the Commission will require periodic subsurface pressure measurements on a sufficient number of wells in any pool to provide adequate data for establishing maximum efficient rates of production (M.E.R.).

## **225 WATER PRODUCTION REPORT**

The owner of each well which produces both oil and water shall separately determine the amount of water produced along with the oil each month and shall, each month, report to the Commission the quantity of such water produced along with the oil, such report to be made on Form No. 6 by the 20th day of the succeeding month.

## **226 GAS WASTE**

After completion of a gas well no gas shall be permitted to escape into the air except that required for periodic testing or cleaning of the well bore.

## **227 DISPOSAL OF SALT OR BRACKISH WATER**

No person shall dispose of salt or brackish water liquids except in the following manner:

#### 227.1 Disposal in Earthen Pits

Salt or brackish water may be disposed of by evaporation when impounded in excavated earthen pits, which may only be used for such purpose when the pit is underlaid by tight soil such as heavy clay or hardpan.

Where the soil under the pit is porous and closely underlaid by a gravel or sand stratum, impounding of salt or brackish water in such earthen pits is hereby prohibited.

The Commission shall have authority to condemn any pit which does not properly impound such water.

At no time shall salt or brackish water impounded in earthen pits be allowed to escape over adjacent lands or into streams.

#### 227.2 Disposal by Injection

Salt water may also be disposed of by injection into the strata from which produced or other proven salt water bearing strata by the procedure outlined in Regulations 228.3, 228.4, 228.5, and 228.6, except approval may be obtained by administrative order without hearing unless objections are received by the Commission within ten (10) days after the application is filed.

### **228 WATER FLOODING (WATER INJECTION), AND GAS REPRESSURING OF OIL AND GAS PROPERTIES**

#### 228.1 Application and Approval

The owner or operator of any well may inject water or gas under pressure into a formation containing oil or gas for the purpose of obtaining oil or gas from the reservoir, upon application, hearing, and approval by the Commission.

#### 228.2 Casing and Cement

Wells used for the injection of water or gas into a producing formation shall be cased with sound casing so as not to permit leakage and the casing cemented in such manner as to protect oil, gas or fresh water reservoirs.

#### 228.3 Application, Contents, Notice, Objection, Hearing and Approval

(a) No water flood or gas injection program shall be instituted until same has been regularly authorized by the Commission.

(b) The application shall be filed with the Commission showing:

1. the location of the input well or wells;
2. the location of all oil and gas wells including abandoned and drilling wells and dry holes and the names of owners of any interests in the oil and gas rights within the limits of the water flood or gas repressuring project;
3. the formations from which wells are producing or have produced;



4. the name, description and depth of the formation to be flooded or repressured with gas;
5. the elevation of the top of the oil or gas bearing formation in the input well or wells and the wells producing from the same formation within the limits of the water flood or gas repressuring project;
6. electric log of the input well or wells or other log or such other lithological information as is available;
7. description of the input well(s) casing;
8. description of the water or gas, stating the kind, source and the estimated amount to be injected daily;
9. the names and addresses of the pool operators in the secondary recovery project;
10. such other information as the Commission may require to ascertain whether the secondary recovery project may be safely and legally made.

(c) Application may be made to include the use of more than one input well on the same lease, or on more than one lease.

(d) Applications shall be executed by all operators who are to participate in the proposed secondary recovery project.

(e) Notice of application shall be given by the applicant by mailing or delivering a copy of the application to each operator of drilling or producing wells or wells which have produced within one-half mile radius of the proposed input well or wells. Such notice shall be mailed or delivered on or before the application is mailed to or filed with the Commission.

(f) Objections or complaints, stating the reasons why the proposed plan as contained in the application may cause damage to oil, gas, or fresh water reservoirs must be filed within ten days after the application is filed.

#### 228.4 Notice of Commencement and Discontinuance of Water Flooding or Gas Repressuring Operations

(a) Immediately upon the commencement of water flooding or gas repressuring operations, the applicant shall notify the Commission of the same and the date of commencement.

(b) Within ten days after the discontinuance of water flooding or gas injection operations the applicant or the one in charge thereof shall notify the Commission of the date of such discontinuance and the reasons therefor.

(c) Before any input well shall be abandoned, notice shall be served on the Commission, and the same procedure shall be followed in the plugging of such wells as provided for the plugging of oil and gas wells.

#### 228.5 Records

The owner or operator of an input well or wells shall keep an accurate record of (1) the amount of water or gas injected into such well

or wells, and the well-head pressure(s), (2) the total amount of water produced, and (3) the total amount of oil and gas produced from the area flooded or repressured. Such information shall be filed with the Commission.

#### **228.6 Individual Cases**

The Commission will make such special orders, rules, and regulations for the individual case as the conditions may justify.

### **229 CORES AND CUTTINGS**

Any owner or operator drilling or deepening a well for oil or gas or stratigraphic information, shall deliver prepaid to the Commission, at the office stipulated on the approved Permit to Drill, a complete and representative sample of the cores, chips and cuttings, within a period of six (6) months after the completion or abandonment of such well. The Commission may at its discretion relieve any owner or operator from the obligation to so deliver samples of cores, chips or cuttings.

Cores, chips and cuttings from a stratigraphic well or core hole will be impounded by the Commission and not made available to the public for a period of three (3) years from the date of abandonment of the well unless prior consent is obtained from the owner or operator.

### **230 FILING OF WELL LOGS AND COMPLETION REPORTS**

(a) Within thirty (30) days after the completion, reworking or abandonment of any well drilled to known productive horizons within a delineated field, the operator or owner shall transmit to the Commission three (3) copies of Form 4 or Form 2 as appropriate, and three (3) original copies of all well logs, drill stem test survey reports, sample and core description logs, analyses and reports, water analyses and any and all other logs, surveys and reports run or made.

(b) In the case of a wildcat, exploratory or stratigraphic well, the owner or operator shall transmit to the Commission within six (6) months after completion or abandonment, three (3) copies of Form 4 or Form 2 as appropriate and three (3) original copies of any and all logs, surveys, reports and analyses run or made as described in Rule 230 (a), and definition 102.53. In the case of a stratigraphic well, all information will be impounded by the Commission and not made available to the public for a period of three (3) years from the date of abandonment unless prior consent is obtained from the owner.

### **231 REPORTS BY PRODUCERS**

(a) Each producer or owner of an oil or gas well shall file or cause to be filed with the Commission, on or before the twentieth day of each month succeeding the month in which the producing or taking occurs, a report, on Form No. 6, containing all information required by said form.

(b) Each producer of oil and each producer of gas shall, not later than the last day of each of the calendar months of January, April, July, and October of each and every calendar year, file with the Commission a report on Form No. 12, containing all information required by said form.



## 232 WELL PLUGGING

The owner shall not permit any well drilled for oil, gas, salt water disposal or any other purpose to remain unplugged after such well is no longer used for the purpose for which it was drilled or converted, except that as long as the owner has other producing wells on the lease he may hold idle a well on the same lease for possible future use unless the Commission shall find that such idle well or wells are causing damage to oil or gas reservoirs or fresh water supplies. When the last well on a lease is no longer capable of production because the underlying reservoir(s) are depleted and there is no possible future use for the wells on the lease in supplemental recovery operations or for disposal facilities the operator shall within 90 days thereof commence operations to plug and abandon all wells on the lease as set forth in Rules 233.1, 233.2, and 233.3, unless otherwise authorized by the Petroleum Engineer or his authorized agent.

### 232.1 Notice of Intention to Abandon

(a) Before any work is commenced to abandon stratigraphic tests or any new well drilled in search of oil, gas, or for salt water disposal or any other purpose related to oil field operations in which no casing has been run (other than surface pipe), the owner thereof shall give oral notice to and obtain approval from the Petroleum Engineer or his authorized agent prior to commencing plugging operations. (The Petroleum Engineer may send an authorized agent to the location specified to witness the plugging operations). Within 15 days after final abandonment, the owner shall submit to the Commission on Form No. 2, a Subsequent Report of Abandonment (Rule 232.3), setting forth in such report the terms and conditions of the plugging and abandonment as approved orally by the Petroleum Engineer or his authorized agent.

(b) Before any work is commenced to abandon any well drilled in search of oil, gas or for salt water disposal or for any other purpose related to oil field operations in which casing has been run (except surface pipe), the owner thereof shall give written notice to the Commission on Form 2 setting forth the method of plugging, depths and number of plugs and any other information required under Rules 232.2 and 232.3. Upon approval of such notice by the Petroleum Engineer or his authorized agent the owner may proceed with plugging and abandonment operations. (The Petroleum Engineer may send an authorized agent to the location specified to witness the plugging operations). Within 15 days after final abandonment, the owner shall submit a Subsequent Report of Abandonment as required by Rule 232.3.

### 232.2 Plugging Methods and Procedure

(a) All abandoned wells shall be marked with a permanent monument which shall consist of a piece of pipe not less than four (4) inches in diameter and not less than ten (10) feet in length, of which four (4) feet shall be above the general ground level, the remainder to be imbedded in cement or to be welded to the surface casing. The owner shall inscribe on the marker pipe by welding or other suitable method the name of the well, the location (quarter section, section, township and range), total depth, and elevation. At the request of the surface owner of a lease on which a well is to be plugged, the requirement

for a marker set forth above may be waived. In this event, a plug or seal shall be placed in the hole in such manner as not to interfere with soil cultivation or other surface use. The top of the pipe must be sealed with a screw cap, cement plug or other approved method.

#### 232.3 Subsequent Report of Abandonment

Within fifteen (15) days after the plugging of any well, the owner thereof shall file a subsequent report of abandonment with the Commission setting forth in detail the method used in plugging the well. Such report shall be made on Form No. 2, and shall give a detailed account of the manner in which the abandonment or plugging work was carried out, including the nature and quantity of materials used in plugging and the location and extent (by depths) of the plugs of different materials; records of any tests or measurements made, and the amount, size, and location (by depths) of casing left in the well; and a statement of the volume of mud used. If an attempt was made to part any casing, a complete report of the method used and the results obtained must be included.

#### 232.4 Wells Used for Fresh Water

When the well to be plugged may safely be used as a fresh water well, and such utilization is desired by the landowner, the well need not be filled above the required sealing plug set below fresh water; provided, that written notification of such utilization and a release is secured from the landowner and filed with the Commission. Approval by the Petroleum Engineer or his authorized agent of the work done shall relieve the operator of further responsibility.

### 233 REPORTS FROM TRANSPORTERS, REFINERS AND GASOLINE OR EXTRACTION PLANTS

All transporters of crude oil shall make monthly reports to the Commission on Form No. 7. All refiners of crude oil shall make monthly reports to the Commission on Form No. 8. All transporters of gas shall make monthly reports to the Commission on Form No. 9. All operators of gasoline or other extraction plants shall make monthly reports to the Commission on Form No. 10. Such forms shall contain all information required therein and shall be filed with the Commission on or before the 20th day of each month covering the preceding month.

### 234 SERVICE COMPANY REPORTS

When a service company, other than the drilling contractor, cements, chemically treats, fractures, perforates, acidizes or performs any act designed to change the productivity of the well or reservoir, the service company shall furnish the Commission at its district office, reports concerning such work. When such operations as set forth above are performed on wildcat or exploratory wells, the service company reports need not be submitted to the Commission for a period of six (6) months following completion of the well and in such instances the responsibility of submitting such reports shall be that of the operator of the well, except that all service company reports covering all cementing operations other than squeezing must be submitted to the Commission at its district office within thirty (30) days after the work is performed.



### **235 PRODUCER'S CERTIFICATE OF COMPLIANCE**

Certificates of compliance for the transportation of oil and gas from controlled oil and/or gas fields are required by the Commission on Form No. 13. All such producers of oil and gas from such fields shall file Form No. 13 in accordance with instructions thereon.

### **236 ILLEGAL PRODUCTION**

No person shall produce any crude oil, natural gas, or waste oil from any spacing unit or pool in this state except in accordance with the rules, regulations, and orders of the Commission.

## **RULES OF PRACTICE AND PROCEDURE**

### **301 LOCATION OF COMMISSION OFFICES AND HEARING ROOM**

The principal offices of the Commission are located in Helena, Montana, and the hearing room of the Commission is located in the State Capitol Building, unless otherwise designated.

### **302 APPLICABILITY OF RULES OF PRACTICE AND PROCEDURE**

These rules shall be known and designated as "Rules of Practice and Procedure before the Oil and Gas Conservation Commission of the State of Montana" in all proceedings relating to the administration of Sections 60-124 through 60-145, Revised Codes of Montana, 1947, as amended.

### **303 COMMISSION MAY INSTITUTE PROCEEDINGS TO PREVENT VIOLATION**

The Commission may, on its own motion, institute a proceeding to prevent violation of any provision of Sections 60-124 through 60-145, Revised Codes of Montana, 1947, as amended, or of any order, rule, or regulation of the Commission, by the entry of its order.

### **304 COMMISSION MAY INITIATE PROCEEDING RELATING TO CONSERVATION OF OIL AND GAS**

The Commission may also on its own motion, initiate proceedings upon any question relating to the administration of Sections 60-124 through 60-145, Revised Codes of Montana, 1947, as amended, by entry of its order instituting such proceedings.

### **305 ALL OTHER PROCEEDINGS COMMENCED BY FILING PETITION**

All other proceedings, except those initiated by the Commission on its own motion, shall be commenced by written petition in quadruplicate which may be in the form of a letter, and shall be brief and concise, shall state in general terms the matter upon which action of the Commission is desired, the interest of the applicant or person making the request, the relief sought, and the reasons therefor. On the filing of said petition, the Commission shall promptly fix a date for a hearing thereon.

### **306 DOCKET NUMBER OF PROCEEDINGS**

When a proceeding is instituted, as herein described above in Rules 303, 304, or 305, the Executive Secretary of the Commission shall assign it a number and enter the proceeding with the date of its filing, or the date of the entry of the Commission order instituting such proceeding, on a separate page of a docket provided for such purpose. All filings, subsequent to the institution of a proceeding, shall be offered in duplicate and shall bear the docket number assigned to said proceeding and be noted with the date of filing upon the docket page of said proceeding, or a continuation thereof.

### **307 EXECUTIVE SECRETARY MAY REQUIRE FILING OF ADDITIONAL COPIES OF PLEADINGS**

The Executive Secretary may at any time require the party filing, or offering for filing, a pleading to furnish such additional copies of the same as may be deemed necessary.

### **308 REQUIREMENT OF PUBLIC HEARING BEFORE ISSUANCE OF ANY ORDER EXCEPT AN EMERGENCY ORDER**

No rule, regulation or order, or amendment thereof, except in an emergency, shall be made by the Commission without a public hearing upon at least ten (10) days notice. The public hearing shall be held at such time and place as may be prescribed by the Commission, and any interested person shall be entitled to be heard. When an emergency requiring immediate action is found to exist, the Commission is authorized to issue an emergency order without advance notice or hearing, which shall be effective upon promulgation.

### **309 NOTICE OF HEARING**

Notice shall be given by the Commission as follows:

(1) In all cases where a complaint has been made by the Commission or by any person that any provision of this act, or any rule, regulation or order of the Commission, is being or has been violated, notice of the hearing to be held on such complaint shall be given to the interested persons by one of the following methods:

(a) Personal service or service by publication in the manner as is now or shall hereafter be provided by law for the service of process in the civil action in the courts of this state; or

(b) by certified or registered United States mail, with full first class postage prepaid thereon and addressed to the last known mailing address of the person or persons affected.

(2) In all other cases by publication in one or more issues of a newspaper in general circulation in the state capital and a newspaper of general circulation in the county where the land or some part thereon is situated, and it may also cause publication to be made in a trade journal or bulletin of general circulation in the oil and gas industry in the state.

The date of service shall be the date on which service was made in the case of personal service; the date of last publication in the case of service of publication under sub-section (a) of paragraph (1) above; the date of first publication in the case of notice by publication under the provisions of paragraph (2) above; and the date of mailing in the case of notice by mail under sub-section (b) of paragraph (1) above.

The notice shall be issued in the name of the State of Montana, shall be signed by the chairman or the Executive Secretary of the Commission, shall specify the style and number of the proceeding, and the time and place of hearing, and shall briefly state the purpose of the proceeding.



In cases of personal service such service may be made by any officer or person authorized by law to serve process, or by any agent of the Commission, in the same manner as is now or may hereafter be provided by law for the service of process in a civil action in the district courts of this state.

Proof of personal service shall be made by the affidavit of the officer, person or agent of the Commission making such personal service. Proof of service by publication shall be made by the affidavit of the printer or publisher of the newspaper, trade journal, or bulletin in which the notice is published, or by a foreman or principal clerk of such newspaper, bulletin or trade journal. Proof of service by mailing shall be made by the affidavit of the chairman or Executive Secretary of the Commission.

In the case where personal service or services by publication is made as provided in section (a) of paragraph (1) above, the Secretary of the Commission shall for such purposes, be vested with the same power and charged with the same duties as the clerk of the district courts of this state.

### **310 EXECUTIVE SECRETARY TO NOTIFY ALL PARTIES INTERESTED IN PROCEEDING**

When any proceeding has been instituted by petition or by the Commission on its own motion, in addition to the service or publication of the notice of hearing as required by Sections 60-124 through 60-145, Revised Codes of Montana, 1947, as amended, the Executive Secretary shall mail to the interested persons and all persons who have requested notification of such proceeding, as provided in Rule 311, a written notice of the hearing to be held thereon.

### **311 PERSONS DESIRING NOTIFICATION OF PROCEEDING SHALL FILE REQUEST**

Any person desiring notification by mail from the Executive Secretary of the hearings before the Commission shall request same in writing by filing with the Executive Secretary his name and address and designating the area or areas in which interested and as to which he desires to receive such notices.

### **312 CONTINUANCE OF HEARING**

After notice of a hearing is once given, the hearing may be continued to another day (not to exceed one hundred eighty (180) days) or from day to day if such continuance is publicly announced at the hearing to be continued.

### **313 HEARINGS BEFORE THE COMMISSION**

Hearings before the Commission shall be conducted without rigid formality. The hearings shall be opened with the reading, by the Executive Secretary, of the notice or notices. The request for hearing, the notice or notices thereof and proof of the due publication of the notice or notices of the hearing shall be made a part of the record of the hearing. Any person testifying before the Commission shall be required to do so under oath or affirmation.

When ordered by the Commission, all hearings shall be recorded and transcribed by a reporter appointed by the Commission sworn by the Commission faithfully to discharge his duties in accordance with the law and the direction of the Commission. When such order has been entered, said transcripts shall be available for inspection at the Office of the Commission in Helena, Montana, and may be available for purchase by interested parties from the reporter.

### **314 PRESENTATION OF EVIDENCE**

Full opportunity shall be afforded any interested person to be heard, present witnesses or other evidence, whether or not represented by legal counsel or technical assistance, and to cross-examine witnesses. All persons presenting exhibits as evidence shall file a total of ten (10) copies with the Commission. In general, the rules of evidence applicable before a trial court without a jury shall pertain.

### **315 SUBPOENAS**

The Commission may, through the Executive Secretary, issue subpoenas requiring attendance of witnesses and the production of books, papers, and other instruments to the same extent and in the same manner and in accordance with the procedure provided in the Code of Civil Procedure which authorizes issuance of subpoenas by Clerks of the District Courts.

### **316 DEPOSITIONS**

Depositions may be taken by parties to a proceeding and used before the Commission in the same manner and under the same conditions prescribed in the Code of Civil Procedure relating to the taking and using of depositions in the Courts of this State.

### **317 APPLICABILITY OF MONTANA RULES OF CIVIL PROCEDURE**

The Commission adopts the rules of practice and procedure contained in the Code of Civil Procedure insofar as the same may be applicable and not inconsistent with the rules herein set forth.

### **318 COMMISSION TO ENTER ORDER WITHIN THIRTY DAYS**

The Commission shall enter its order within thirty (30) days after the hearing.

### **319 APPLICATION FOR REHEARING**

Any person adversely affected by any order of the Commission may within twenty (20) days after its effective date apply to the Commission in writing for a rehearing. The application for rehearing shall be acted upon within ten (10) days after its filing, and if granted, the rehearing shall be held without undue delay.

### **320 AVAILABILITY OF ORDERS AND FINDINGS OF FACT**

All orders and findings of fact issued by the Commission shall be in writing, indexed and entered in full in books to be kept by the Commission for that purpose. Such orders and findings shall be open for public inspection at all times during reasonable office hours in the offices of the Commission at Helena, Billings and Shelby.



## MISCELLANEOUS

### 401 ADOPTION OF FORMS

The forms hereinafter listed and attached to these rules as Exhibits 1 to 13 are hereby adopted and made a part of these rules for all purposes and the same shall be used as herein directed in giving notice and in making reports and requests to the Commission. Copies of printed forms will be supplied by the Commission on request.

Form Number	Title
1	Organization Report
2	Sundry Notices
3	Bond
4	Well Completion Report
4A	Continuation Sheet Form 4
5	Report of Subsurface Injections
6	Report of Production (Oil) Oil Well Operations
6A	Continuation Sheet Form 6
7	Oil Transporter's Report
8	Oil Refiner's Report
9	Monthly Gas Report
10	Gasoline Plant Report
10A	Continuation Sheet Form 10
11	Reservoir Survey Report
12	Payment of Production Tax
13	Producer's Certificate of Compliance, Oil and Gas

### 402 RULES SHALL BE LIBERALLY CONSTRUED

These rules shall be liberally construed to secure just, speedy, and inexpensive determination of all issues presented to the Commission.

### 403 CHANGES IN RULES

Any person affected by any rule or regulation of the Commission shall have the right at any time to apply to the Commission to repeal, amend, modify, or supplement the same.

The Commission may, after notice and hearing, repeal, amend, modify or supplement any rule or regulation.

### 404 INVALIDITY OF PART

If any section, subsection, clause, sentence or phrase of these rules is for any reason held to be invalid, such decision shall not affect the remaining portions of these rules. The Commission hereby declares that it would have adopted these rules each section, subsection, sentence, clause or phrase thereof irrespective of the fact that any one or more of the sections, subsections, sentences, clauses or phrases be declared invalid.

### 405 EFFECTIVE DATE

These rules and regulations and rules of practice and procedure shall be in full force and effect on and after January 1, 1954.



TO  
OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF MONTANA  
HELENA

ORGANIZATION REPORT

1. Full name of the Company, Organization, or Individual

2. Post Office Address

(Street or Box)(City)(State)

3. Form and Purpose of the Organization

(State whether corporation, a joint stock association, firm or partnership, also)

(State the purpose of the organization, whether producer, pipe line, refiner, etc.)

If Foreign Corporation, give (1) state where incorporated; (2) name and post office address of Montana agent: date of qualification to do business in Montana

Post Office Address (always give street address too)

4. Officers:

TITLE	NAME	POSTOFFICE ADDRESS
Trustee		
Trustee		
President		
Vice President		
Secretary		
Treasurer		

(OVER)

5. Directors:

NAME	POSTOFFICE ADDRESS
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....
.....	.....

6. Is this a re-organization?..... If so, what is old organization No.....?

Dated this.....day of....., 19.....

.....  
By.....  
.....  
Office

State of.....  
County of..... } ss.

.....being first duly sworn deposes and says that he is the  
.....of.....: that he has personal knowledge of the owner-  
ship, management and officers of said.....; that the statements  
above made concerning said organization are true and correct.

Subscribed and sworn to before me this.....day of....., 19.....

.....  
Notary Public, State of.....  
Residing at.....  
My Commission Expires.....

.....  
Organization No.....  
Date Registered.....  
.....  
Director or Executive Secretary

ONE COPY WILL BE RETURNED WITH  
ORGANIZATION NUMBER INSERTED.

TO

**NOTICE**

**THIS FORM BECOMES A  
PERMIT WHEN STAMPED  
APPROVED BY AN AGENT  
OF THE COMMISSION.**

Notice of Intention to Drill	Subsequent Report of Water Shut-off
Notice of Intention to Change Plans	Subsequent Report of Shooting, Acidizing, Cementing
Notice of Intention to Test Water Shut-off	Subsequent Report of Altering Casing
Notice of Intention to Redrill or Repair Well	Subsequent Report of Redrilling or Repair
Notice of Intention to Shoot, Acidize, or Cement	Subsequent Report of Abandonment
Notice of Intention to Pull or Alter Casing	Supplementary Well History
Notice of Intention to Abandon Well	Report of Fracturing

..... 19

LEASE \_\_\_\_\_

(County)

(Field)

Well No. \_\_\_\_\_ (m. sec.) \_\_\_\_\_ (Township) \_\_\_\_\_ (Range) \_\_\_\_\_ (Meridian)

The well is located \_\_\_\_\_ ft. from { N } line and \_\_\_\_\_ ft. from { E } line of Sec. \_\_\_\_\_

LOCATE WELL SITE ACCURATELY ON PLAT ON BACK OF THIS FORM

The elevation of the ground or K. B. above the sea level is.....

READ CAREFULLY

### DETAILS OF PLAN OF WORK

READ CAREFULLY

(State names of and expected depths to objective sands; show size, weights, and lengths of proposed casings; indicate mudding jobs, cementing points, and all other important proposed work, particularly all details results Shooting, Acidizing, Fracturing.)

## DETAILS OF WORK RESULT

Approved subject to conditions on reverse of form

Company .....

Date \_\_\_\_\_

By \_\_\_\_\_

By \_\_\_\_\_  
District Office Agent Title

Title .....

Address \_\_\_\_\_

COMMISSION USE ONLY  
API WELL NUMBER

NOTE:—Reports on this form to be submitted to the District Agent for Approval in Quadruplicate

WHEN USED AS PERMIT TO DRILL, THIS EXPIRES 90 DAYS FROM DATE OF APPROVAL.

OVER

3 REPORTER PRtg. &amp; SUPPLY CO.



Locate well by footage measurement from legal subdivision line,  
and nearest drilling or producible well, if any.

Form No. 2  
File at  
Billings  
or Shelby

Form No. 2  
File at  
Billings  
or Shelby

Locate  
Well  
Correctly

Twp. ....

Rge. ....

SCALE—1"=2000'

THE NOTICE OF INTENTION TO DRILL THIS WELL IS APPROVED SUBJECT TO THE FOLLOWING CONDITIONS:

1. Any person, before commencing the drilling of any oil or gas well, shall secure from the commission a drilling permit and shall pay to the commission therefor for the following amounts: for each well whose estimated depth is thirty-five hundred (3,500) feet or less, twenty-five dollars (\$25.00); from thirty-five hundred and one (3,501) feet to seven thousand (7,000) feet, seventy-five dollars (\$75.00); seven thousand and one (7,001) feet and deeper, one hundred fifty dollars (\$150.00).
2. No well is to be spudded in unless the proper surety drilling bond has been posted and approved by the Oil and Gas Conservation Commission of the State of Montana.
3. Cable tool operators must construct an adequate sump to contain all mud and water hauled from the hole.
4. Surface or conductor casing must be properly cemented by an approved method to act as a tie in case an unexpected flow of oil, gas, or water should be encountered, unless special permission has been granted for formation shut-off.
5. Any contemplated change in status of a well such as to plug and abandon, deepen, plug back, redrill, alter casing, etc., must be presented on Form No. 2 for approval by the Commission prior to commencement of work.
6. Any production string must be cemented unless a formation shut-off or packer is approved by the Commission. Sufficient cement must be used to protect the casing and all possible productive formations exposed in the process of drilling and not otherwise protected.
7. All production strings of casing must be tested by hailing or pressure to determine if there is a tight bond with the formation or possible leaks in the casing. The results of the test must be reported on Form No. 2, said report to include the size, weight, thread and length of casing, amount of cement used, and date work is done. If test shows failure, the defect must be corrected before any drilling operations are resumed.
8. A satisfactory drilling record must be kept for each tour, showing top and thickness of each and all formations drilled and all other information of value, one copy of which is to be kept at the rig while drilling is in progress for examination by any authorized agent of the Commission.
9. All producing wells must be marked with name of the operator, number of the well and location, using reasonable precautions to preserve these markings at all times.
10. Delivery to the Commission of three copies of all surveys, reports, analyses, logs, tests, samples and core descriptions, etc., as described in Rule 230 and one copy of all cementing records as furnished by the cementing company and described in Rule 234.
11. All work must be done in conformity with the regulations of the Oil & Gas Conservation Commission of the State of Montana, as contained in "General Rules and Regulations," and amendments thereto, as well as regulations prescribed in lieu thereof.

OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF MONTANA  
HELENA

# BOND

Surety Company

Bond No. \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS, That we, \_\_\_\_\_  
(Name)

\_\_\_\_\_ Address \_\_\_\_\_  
of the County of \_\_\_\_\_ in the State of \_\_\_\_\_  
as Principal, and \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_

as Surety, authorized to do business in the State of Montana, are held and firmly bound unto the State of Montana, in the penal sum of \_\_\_\_\_ (\$ \_\_\_\_\_), lawful money of the United States, for which payment, well and truly to be made, we bind ourselves, and each of us, and each of our heirs, executors, administrators or successors, and assigns jointly and severally, firmly by these presents.

The condition of this obligation is that whereas the above bounden principal \_\_\_\_\_ propose \_\_\_\_\_ to drill a well or wells for oil, gas, or stratigraphic purposes in and upon the following described land situated within the State of Montana, to-wit:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

NOW, THEREFORE, if the above bounded principal shall comply with all of the provisions of the laws of the State of Montana and the rules, regulations and orders of the Oil and Gas Conservation Commission of the State of Montana especially with reference to the proper plugging of said well or wells, and restoration of the surface of the location of said well or wells, and filing with the Oil and Gas Conservation Commission of the State of Montana all notices and records required by said Commission, in the event said well or wells do not produce oil or gas in commercial quantities, or cease to produce oil or gas in commercial quantities, then this obligation is void; otherwise, the same shall be and remain in full force and effect.

Witness our hand and seals, this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_

\_\_\_\_\_  
Principal.

Witness our hands and seals, this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_

Countersigned: \_\_\_\_\_, 19 \_\_\_\_\_

By \_\_\_\_\_  
(Montana Resident Agent)

Address \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Surety.

(If the principal is a corporation, the bond should be executed by its duly authorized officers, with the seal of the corporation affixed. When principal or surety executes this bond by agent, power of attorney or other evidence of authority must accompany the bond.)

Approved \_\_\_\_\_, 19 \_\_\_\_\_

OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF MONTANA.

By \_\_\_\_\_  
Executive Secretary or Counsel






(SUBMIT IN TRIPLICATE)  
TO  
OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF MONTANA  
BILLINGS OR SHELBY

COMPLETION REPORT

Company \_\_\_\_\_ Lease \_\_\_\_\_ Well No. \_\_\_\_\_  
Address \_\_\_\_\_ Field (or Area) \_\_\_\_\_  
The well is located \_\_\_\_\_ ft. from (N) \_\_\_\_\_ (E) \_\_\_\_\_  
ft. from (S) line and \_\_\_\_\_ ft. from (W) line of Sec. \_\_\_\_\_  
Sec. \_\_\_\_\_; T. \_\_\_\_\_; R. \_\_\_\_\_; County \_\_\_\_\_; Elevation \_\_\_\_\_  
(D.F., R.B. or G.L.)  
Commenced drilling \_\_\_\_\_, 19\_\_\_\_; Completed \_\_\_\_\_, 19\_\_\_\_

The information given herewith is a complete and correct record of the well. The summary on this page is for the condition of the well at the above date.

Completed as \_\_\_\_\_ Signed \_\_\_\_\_  
(oil well, gas well, dry hole)  
Title \_\_\_\_\_  
Date \_\_\_\_\_

IMPORTANT ZONES OF POROSITY  
(denote oil by O, gas by G, water by W; state formation if known)

From _____	to _____	From _____	to _____
From _____	to _____	From _____	to _____
From _____	to _____	From _____	to _____
From _____	to _____	From _____	to _____

CASING RECORD

Size Casing	Weight Per Ft.	Grade	Thread	Casing Set	From	To	Sacks of Cement	Cut and Pulled from

TUBING RECORD

Size Tubing	Weight Per Ft.	Grade	Thread	Amount	Perforations

COMPLETION RECORD

Rotary tools were used from \_\_\_\_\_ to \_\_\_\_\_  
Cable tools were used from \_\_\_\_\_ to \_\_\_\_\_  
Total depth \_\_\_\_\_ ft.; Plugged back to \_\_\_\_\_ T.D.; Open hole from \_\_\_\_\_ to \_\_\_\_\_

PERFORATIONS			ACIDIZED, SHOT, SAND FRACED, CEMENTED			
Interval		Number and Size and Type	Interval		Amount of Material Used	Pressure
From	To		From	To		

(If P&A show plugs above)

INITIAL PRODUCTION

Well is producing from \_\_\_\_\_ (pool) formation.  
P. \_\_\_\_\_ barrels of oil per \_\_\_\_\_ hours  
(pumping or flowing)  
\_\_\_\_\_ Mcf of gas per \_\_\_\_\_ hours.  
\_\_\_\_\_ barrels of water per \_\_\_\_\_ hours, or \_\_\_\_\_ % W.C.  
(OVER)

Gravity \_\_\_\_\_ ° API (corrected to 60° F.)

## DRILL STEM TESTS

[illegible]

## CORES

[illegible]

## LOG RUNS

[illegible]

## FORMATION RECORD

(Need not be filled out if Geologist sample description filed with Commission)

From	To	SAMPLE AND CORE DESCRIPTION	Top of Formation

(Use additional sheets where needed to complete description)

(Use additional sheets where needed to complete description)

**FORMATION RECORD—(Continued)**







TO

Oil and Gas Conservation Commission  
of the State of Montana

HELENA

## REPORT OF SUBSURFACE INJECTIONS

For Month of \_\_\_\_\_, 19\_\_\_\_

Field \_\_\_\_\_ County \_\_\_\_\_ Operator \_\_\_\_\_

Unit or Lease Name \_\_\_\_\_ Formation Injected Into \_\_\_\_\_

Injection Fluid (water, gas, air, LPG, etc.) \_\_\_\_\_

Source of Injection Fluid \_\_\_\_\_

Type of Project (Secondary Recovery, Pressure Maint., Disposal) \_\_\_\_\_

## INJECTION DATA

## INJECTION WELL INFORMATION

Name No. Sec. Twp. Rge.

Monthly Inj.  
bbbls, MCF, galsCumulative Inj.  
bbbls, MCF, galsAvg. Surface  
Inj. Pressure

## TOTALS

NOTE: Mail three (3) copies to the Oil and Gas Conservation Commission of the State of Montana, Helena, Montana, on or before the 20th day of each month following the month covered by the report. Separate report must be filed covering each injection project.

## REMARKS:

By \_\_\_\_\_

Title \_\_\_\_\_

Address \_\_\_\_\_





General Rule No. 225 &amp; 231

TO

OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF MONTANA  
HELENA

## OIL AND GAS Wells

## REPORT OF PRODUCTION

(TO BE MADE BY PRODUCER)

Field \_\_\_\_\_ (Pool) \_\_\_\_\_ (County) \_\_\_\_\_ MONTH OF \_\_\_\_\_, 19 \_\_\_\_\_

PRODUCER: \_\_\_\_\_ (P. O. Address)

BY: \_\_\_\_\_  
(Signature of Producer or Agent) (Title)

[illegible]

Barrels of oil in storage on lease first day of month .....	_____
Total barrels of oil produced during month and in storage .....	_____
Total barrels of oil shipped from leases and used or lost during month .....	_____
Barrels remaining in storage on leases last day of month .....	_____

**Disposition of Oil and Gas Transported from Leases**  
(If Insufficient Space, Use Back of Sheet)

Total Bbls	Shipped to (Place)	Name of Buyer
	Used for fuel or lost	
M. C. F. Gas		
	Used for fuel or lost	

NOTE:—Mail three (3) copies to the office of the Oil and Gas Conservation Commission of the State of Montana, Helena, Montana, on or before the 20th day of each calendar month following the month covered by the report. Separate report must be filed to cover operations in each field.

\* Use this column for Well No. when reporting individual well production.  
(Use Form 6-A for More Space)





## OIL AND GAS WELLS

## HELENA

## REPORT OF OPERATIONS

Producer: \_\_\_\_\_

\* Use this column for Well No. when reporting individual well production.



TO  
OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF MONTANA  
HELENA

TRANSPORTATION AGENCY'S MONTHLY REPORT OF  
RECEIPTS AND DISPOSITION OF CRUDE OIL

From:

FIELD .....  
(Pool)

COUNTY ..... I certify the following to be a correct statement.

MONTH OF .....  
(Name of Transportation Agency)

METHOD OF TRANSPORTATION: By.....

..... P. O. Address.....  
("Pipe line," "Truck," "Rail")

..... Bbls. in transit or storage on first day of said month received from PRODUCERS in said field.

..... Bbls. received from PRODUCERS in said field during said month.

..... Bbls. received from other TRANSPORTERS; i. e., .....  
during said month. (Name)

..... TOTAL

..... Bbls. deducted for.....  
(State cause)

..... Bbls. delivered to, or shipped by rail to consignees in Montana.

..... Bbls. delivered to, or shipped by rail to consignees elsewhere.

..... Bbls. delivered to other TRANSPORTERS; i. e., .....  
during said month. (Name)

..... Bbls. remaining in transit or storage on last day of said month.

..... Bbls. lost by accident, fire, etc.

..... TOTAL.

REMARKS

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....

NOTE: Mail one copy to the office of the Oil and Gas Conservation Commission of the State of Montana, Helena, Montana, on or before the 20th day of each calendar month following the month covered by the report. Separate report must be filed covering production from each field.





TO  
OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF MONTANA  
HELENA

## REFINER'S MONTHLY REPORT OF RECEIPTS AND DISPOSITION OF CRUDE OIL

MONTH OF \_\_\_\_\_

REFINER'S POST OFFICE ADDRESS: \_\_\_\_\_

I CERTIFY the following to be a correct statement.

PLANT CAPACITY (in bbls. of oil refinable per day): \_\_\_\_\_

(Name of Refinery) \_\_\_\_\_

By \_\_\_\_\_

Agent

(Insert name of field) _____				
REFINER'S STOCKS on first day of said month:				
	<b>FIELD</b> (Bbls.)	<b>FIELD</b> (Bbls.)	<b>FIELD</b> (Bbls.)	<b>FIELD</b> (Bbls.)
In Refiner's storage tanks, from _____				
In transit by railroad, from _____				
TOTAL _____				
RECEIVED DURING SAID MONTH:				
Pipeline, from _____				
Truck, from _____				
Railroad, from _____				
TOTAL _____				
DEDUCTIONS for _____				
REFINED during said month _____				
LOST by fire, accident, etc., from _____				
TOTAL _____				
IN STORAGE AND/OR TRANSIT last day of month:				
Refiner's tanks _____				
Railroad _____				
TOTAL _____				

Q. If plant was not operated to capacity throughout said month, state why not. (i. e., "insufficient crude supply," "lack of market demand for product," etc.).

A. \_\_\_\_\_

Q. Do you need more crude oil? If so, state from what fields preferred, number of barrels per day, and for how long a period of time.

A. \_\_\_\_\_

NOTE: If any receipts by truck, attach detailed statement showing dates of receipts, number of barrels in each delivery, name of shipper or seller, and name of postoffice address of trucker or trucking agency.

Mail one (1) copy to the office of the Oil and Gas Conservation Commission of the State of Montana, Helena, Montana on or before the 20th day of each calendar month following the month covered by report.





MONTHLY GAS REPORT

ALL NATURAL AND CASINGHEAD GAS MUST BE REPORTED BY PURCHASER  
(Acquisition and Disposition)

Field or Pool.....County

Report of.....Month of....., 19.....  
(Name of Initial Taker)

Address.....

Title.....Signature.....

Report all Volumes in MCF at 15.025 lbs. and 60° F.

(ADD SHEETS IF NECESSARY)

ACQUISITION								(ADD SHEETS IF NECESSARY)	
NAME OF PRODUCER	Lease, or Meter Station	Number Wells	Oil or Gas Wells	LOCATION			TAKE (MCF)		
				Sec.	Twp.	Rge.			
OIL WELL GAS PURCHASED									
GAS WELL GAS PURCHASED									
TOTAL									

DISPOSITION		
USED FOR	NAME OF COMPANY AND ADDRESS	VOLUME
Fuel System		
Lease Use		
Gas Lift		
Transmission System		
Other Disposition (Detail)		
TOTAL		

(FOLLOW INSTRUCTIONS ON REVERSE SIDE)

## INSTRUCTIONS

The addresses, as required on this report, shall be clear and definite as to Street Number, City and State.

Where gas is taken from an oil and/or gas well by the producer into a fuel or other gas system and used outside the basic lease said producer is required to make this report. In case gas is taken at the well by any person other than the producer then such person is required to make this report.

This report shall be filed in triplicate on or before the 20th day of each calendar month and shall be complete as to data covering the calendar month next preceding the date of filing. Three copies shall be filed with the Oil and Gas Conservation Commission at Helena.

Report the volume of gas taken from each gas well separately. Report the volume of gas taken from oil wells by meter station. All volumes shall be reported in MCF at 15.025 lbs, pressure.

If any space does not apply fill in the word "NONE."

Make a separate report for each field or pool.

Please use typewriter if possible.

3

GASOLINE OR OTHER EXTRACTION PLANT  
ALL NATURAL AND CASINGHEAD GAS MUST BE REPORTED BY PURCHASER

Report of \_\_\_\_\_ Month of \_\_\_\_\_, 19 \_\_\_\_

Address \_\_\_\_\_  
(Main Office) \_\_\_\_\_ (Plant) \_\_\_\_\_

Report All Volumes in MCF at 15.025 lbs. PSIA at 60 Fahrenheit

INTAKE VOLUME	
TOTAL GAS FROM OIL WELLS (Details on Sheet 2)	VOLUME MCF
TOTAL GAS FROM GAS WELLS (Details on Sheet 2)	
TOTAL GAS FROM OTHER SOURCES (Details on Sheet 2)	
TOTAL	

Disposition of Residue	
Plant Fuel	VOLUME MCF
Returned for Lease Fuel	
Sold or Other Disposition (Detail Below)	
Returned to Earth	
Vented	
Shrinkage	
TOTAL	

Detail of Sale or Other Disposition of Residue			
NAME OF PURCHASER OR USER	ADDRESS	USED FOR	M. C. F.
TOTAL			

Plant Production, Receipts, Deliveries and Stock in Barrels of 42 U. S. Gallons					
PRODUCT	OPENING STOCK	RECEIPTS	PRODUCTION	DELIVERIES	CLOSING STOCK
Oil					
Condensate					
Gasoline					
Butane					
Propane					
Kerosene					
Other					
TOTAL					

REMARKS: \_\_\_\_\_

I hereby certify that this report is true and complete to the best of my knowledge.

Name of Operator \_\_\_\_\_

(Signature) \_\_\_\_\_ (Title) \_\_\_\_\_

(FOLLOW INSTRUCTIONS ON REVERSE SIDE)





## **GASOLINE OR OTHER EXTRACTION PLANT MONTHLY REPORT**

Each operator of a gasoline plant, cycling plant or any other plant at which gasoline, butane, propane, kerosene, oil, or other liquid products are extracted from gas within the State of Montana, shall furnish for each calendar month a Gasoline or other Extraction Plant Monthly Report, Form 10, containing the information indicated by such form respecting gas and products involved in the operation of such plant during each month. Each purchaser of gas shall report monthly the source or sources and amount from each source of gas injected into natural gas storage reservoir together with the gross amount of gas which is withdrawn during the month from natural storage. Such report for each month shall be filed on or before the 20th day of the next succeeding month.

### **I N S T R U C T I O N S**

The addresses, as required on this report, shall be clear and definite as to Street Number, City and State.

This report, including Sheet 2, shall be made by each Operator of a Gasoline Plant, Cycling Plant, or any other plant, at which gasoline, butane, propane, condensate, kerosene, oil or other liquid products are extracted from natural gas.

This report including Sheet 2, shall be filed in triplicate on or before the 20th day of each calendar month and shall be complete as to data required by such forms covering the calendar month next preceding the date of filing.

Note: Under "Remarks" show the name of the transporter and the quantity delivered to each, except deliveries to trucks which may be reported in total only.

In the preparation of Sheet 2 of this report, group and report by unit the volumes of "Gas from Oil Wells" and the total thereof; group and report by well the volume of "Gas from Gas Wells" and the total thereof; report by each source the volume of "Gas from Other Sources" and the total thereof; and report the total intake Volume from All Sources.

Make a separate report for each plant.

Please use typewriter if possible.

If any space does not apply fill in the word "NONE."







OIL AND GAS CONSERVATION COMMISSION OF THE STATE OF MONTANA  
To  
**Reservoir Survey Report and Gas-Oil Ratio**

THIS REPORT MUST BE COMPLETED FOR ALL NEW WELLS AND DURING EACH MAY AND OCTOBER THEREAFTER ON SELECTED KEY WELLS

Producer \_\_\_\_\_ Date Submitted \_\_\_\_\_  
Address \_\_\_\_\_ Field \_\_\_\_\_  
Signature \_\_\_\_\_ Reservoir \_\_\_\_\_  
County \_\_\_\_\_

**SHOW EACH KEY WELL**

File not later than 20 days after test

**GAS-OIL AND WATER-OIL RATIO TESTS**

Lease and Well No.	Test Date	Hrs. Tstd.	Choke 64th"	T.P.	C.P.	Sep. Press.	Pump Diam.	S.P.M.	L.S.	PRODUCTION			G.O.R. Mcf/Bbl.	W.O.R. Bbl./Bbl.
										Bbls. Oil	Mcf Gas	Bbls. Wtr.		
1														
2														
3														
4														
5														
6														
7														
8														

**SUB-SURFACE PRESSURE SURVEY**

Type Instrument \_\_\_\_\_ B.H. Temp. \_\_\_\_\_ °F. Orig. Res. Press. at S. S. Datum \_\_\_\_\_

Lease & Well No.	Test Date	Hrs. S.I.	S.I. T.P.	Fluid Level	Test Depth	Sub-sea Datum	Res. Press.	Corrected Datum Press.	PREVIOUS TEST		PRESS. CHANGE	
									Date	Press.	Since Last Test	Since Comp.
1												
2												
3												
4												
5												
6												
7												
8												

You are requested to use care in the preparation of this form as the data are most important.

#### RULE 221—RESERVOIR SURVEYS

As directed by the Commission surveys shall be made of the reservoirs or pools in this State containing oil and gas. These surveys will be thorough and complete and shall be made by the operator or his agent under the supervision of agents of the Commission. The condition of the reservoirs or pools containing oil and gas and the practices and methods employed by the operators shall be investigated.

**The source of crude oil and natural gas; the reservoir pressure of the reservoir as an average; the areas of regional or differential pressure; stabilized gas-oil ratios and water-oil ratios, and the producing characteristics of the field as a whole and the individual wells within the field shall be specifically included.**

Provided, however, the Commission will accept from field engineering committees (petroleum engineering, geological, and statistical groups), or men engaged in the petroleum industry in such an advisory capacity, a periodic record of the physical behavior of the oil and gas reservoirs of Montana. These factual data shall be gathered and arranged in such fashion as to permit rapid evaluation of the oil and gas recovery efficiency of the individual reservoir or pools by the Commission.

#### RULE 223—GAS-OIL RATIO TESTS

Within thirty (30) days following the completion, and within thirty (30) days following each recompletion of each well producing oil and either gas or casinghead gas or both, the owner of such well shall make a gas-oil ratio test of such well and the results of such test shall be reported to the Commission on Form No. 11 within twenty (20) days after the test is made. Also, thereafter, **each operator shall make a gas-oil ratio test** at such other time or times as the Commission may hereafter designate, and similarly **report the results of each such test, within the time specified.**

#### RULE 224—SUBSURFACE TESTS

Within thirty (30) days **following the completion of each well** in any pool, whether such well produces oil or gas or both, the owner of such well shall make a subsurface pressure test on such well, and shall report the results thereof to the Commission, on Form No. 11 within twenty (20) days after such test is made. Each such well shall remain completely shut in for at least twenty-four (24) hours prior to the test. The subsurface determination shall be obtained as close as reasonably possible to the mid-point of the productive section of the reservoir. Further, the Commission will **require periodic subsurface pressure measurements on a sufficient number of wells in any pool** to provide adequate data for establishing maximum rates of production (M. E. R.).



Sheet 2

[illegible]



TO  
OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF MONTANA  
HELENA

PRODUCERS CERTIFICATE OF COMPLIANCE AND AUTHORIZATION  
TO TRANSPORT OIL OR GAS FROM LEASE

Lease.....(Sec.).....(Twp.).....(Rge.).....County.....

Producer.....Organization No.....Field.....

Address all correspondence concerning this form to.....

Street.....City.....State.....

The above named producer hereby authorizes.....  
(Name of Transporter)

Whose principal place of business.....  
(Street).....(City).....(State)

And whose field address is.....

To transport.....% of the oil or gas produced from the lease designated above until further notice.

Other transporters transporting oil or gas from this lease are:

.....%.....%  
(Name of Transporter).....(Name of Transporter)

The undersigned certifies that the rules and regulations of the Montana Oil and Gas Conservation Commission have been complied with except as noted below and that the transporter(s) authorized to transport the percentage of oil or gas produced from the above described property and that this authorization will be valid until further notice to the transporter named herein or until canceled by the.....

Executed this.....day of....., 19.....

Approved....., 19.....  
(Company or Operator)

By.....  
(Secretary—Counsel).....(Agent).....(Title)

—REMARKS OR SPECIAL INSTRUCTIONS—



(FOLLOW INSTRUCTIONS ON REVERSE SIDE)

## INSTRUCTIONS

This certificate shall be executed and filed in triplicate with the Commission covering each lease from which oil or gas is produced in controlled fields. A separate certificate shall be filed for each transporter authorized to transport oil or gas from a lease.

After said certificate has been approved, one copy shall be forwarded to the transporter; one copy returned to the producer, and one copy retained by the Commission.

A new certificate shall be filed to cover each change in operating ownership and each change in the transporter, except that in the case of a temporary change in the transporter involving less than the allowable production for one month, if an allowable is set, the producer shall, in lieu of filing a new certificate, notify the Commission, and the transporter authorized by certificate on file with said Commission, by letter of the estimated amount of oil or gas to be moved by the transporter temporarily moving oil or gas from lease and the name of such temporary transporter and a copy of such notice shall also be furnished such temporary transporter. Such temporary transporter shall not move any more oil or gas than the estimated amount shown in said notice.

This certificate when properly executed and approved by the Commission shall constitute an authorization to a pipe line or other carrier to transport oil or gas from the lease named therein and shall remain in full force and effect until—

- (A) Operating ownership changes, or
- (B) The transporter is changed, or
- (C) The authorization is canceled.

If any of the rules and regulations of the Commission have not been complied with at the time this report is filed, explain fully under the heading "Remarks."

In all cases where this certificate is filed to cover a change in operating ownership or a change in the transporter designated to move oil or gas, show under "Remarks" the previous owner or operator and the transporter previously authorized to transport oil or gas.

A separate report shall be filed to cover each producing lease as designated by the Commission.

**FOR CONTROLLED FIELDS ONLY!**

# MONTANA OIL AND GAS CONSERVATION ACT OF 1953

**Note:** 60-101 to 60-123 Repealed by Chapter 238, Laws of 1953.

**60-124. Waste of oil and gas prohibited.** Waste of oil and gas or either of them as waste as defined in this act, is prohibited.

History: En. Sec. 1, Ch. 238, L. 1953.

**60-125. Oil and gas conservation commission—members—term—oath—seal—employees.**

A. There is hereby created the oil and gas conservation commission of the State of Montana.

B. The oil and gas conservation commission of the State of Montana shall be composed of five (5) persons to be appointed by the governor, with the concurrence of the state senate. That of the commissioners, two (2) and not more than two (2) will be appointed for a period of two (2) years, and they shall be from industry. One (1) nonindustry man shall be appointed for three (3) years and one for four (4) years and one (1) for five (5) years. At the expiration of the term of the two (2) industry men, the appointment of their successors shall be for four (4) and five (5) years respectively, after which all vacancies shall be filled for five (5) year terms. All appointed members of the commission shall be subject to removal by the governor for cause at any time. In case of a vacancy in the office of a member of the commission, an appointment shall be made to fill such vacancy in the manner prescribed by the Constitution of the State of Montana.

C. Persons appointed as members of the commission shall have been bona fide residents of the State of Montana for at least one (1) year before such appointment, and the two (2) industry members shall have had at least three (3) years' experience in the production of oil or gas.

D. Each member appointed to the commission and each person appointed to office by the said commission before entering upon the duties of his office shall take and subscribe to the oath specified in Section 1, Article 19, of the Constitution of the State of Montana and such oaths shall be filed in the office of the secretary of state.

E. The commission shall have a seal with the words engraved thereon: "Oil and Gas Conservation Commission of Montana," and such seal shall be affixed to all writs, authentication of records or other official proceedings of the commission. The courts of this state shall take judicial notice of such seal.

F. The commission shall appoint an executive secretary and may employ such other persons as experts, geologists, petroleum engineers, attorneys, assistants, field supervisors, clerks and stenographers and may acquire such personal property as may be necessary to perform the duties that may be required of it, and fix the compensation of the executive secretary and employees. Each member of the commission shall receive, as compensation for his services, the sum of twenty dollars (\$20.00) per day for each day actually engaged in the performance of the duties of his office, including time of travel between his home and the place at which he performs such duties, together with transportation and per diem expenses as provided by law in



the discharge of said duties; provided, however, that the total expenditures of such commission shall not exceed in the aggregate during any fiscal year, the amount actually collected under the provisions of section 60-145, plus any amount appropriated for that purpose, or otherwise accruing to said fund.

History: En. Sec. 2, Ch. 238, L. 1953; Amd. Sec. 1, Ch. 11, L. 1955.

**60-126. Definitions.** As used in this act, unless the context otherwise requires:

A. "Waste" means and includes (1) physical waste, as that term is generally understood in the oil and gas industry, (2) the inefficient, excessive, or improper use of, or the unnecessary dissipation of reservoir energy, (3) the location, spacing, drilling, equipping, operating or producing of any oil or gas well or wells in a manner which causes, or tends to cause, reduction in the quantity of oil or gas ultimately recoverable from a pool under prudent and proper operations, or which causes or tends to cause unnecessary or excessive surface loss or destruction of oil or gas and (4) the inefficient storing of oil or gas; provided, however, that the production of oil or gas from any pool or by any well to the full extent that such well or pool can be produced in accordance with methods designed to result in maximum ultimate recovery, as shall be determined by the commission, shall not be deemed to be waste within the meaning of this definition.

B. "Commission" means the oil and gas conservation commission of Montana.

C. "Person" means and includes any natural person, corporation, association, partnership, receiver, trustee, executor, administrator, guardian, fiduciary or other representative of any kind, and includes any department, agency or instrumentality of the state or any governmental subdivision thereof; the masculine gender, in referring to a person, includes the feminine and neuter genders.

D. "Oil" means and includes crude petroleum oil and other hydrocarbons regardless of gravity which are produced at the wellhead in liquid form by ordinary production methods, and which are not the result of condensation of gas before or after it leaves the reservoir.

E. "Gas" means and includes all natural gases and all other fluid hydrocarbons as produced at the wellhead and not hereinabove defined as oil.

F. "Pool" means an underground reservoir containing a common accumulation of oil or gas or both; each zone of a structure which is completely separated from any other zone in the same structure is a pool, as that term is used in this act.

G. "Field" means the general area overlaid by one or more pools.

H. "Owner" means the person who has the right to drill into and produce from a pool and to appropriate the oil or gas he produces therefrom either for himself or others or for himself and others, and including all persons holding such authority by or through him.

Nothing herein contained shall be construed to conflict with subsection 4, of Section 81-1702, granting state board of land commissioners the authority to enter into pooling and utilization agreements for the production of oil or gas with others.



I. "Producer" means the owner of a well or wells capable of producing oil or gas or both.

J. The word "and" includes the word "or" and the use of the word "or" includes the word "and". The use of the plural includes the singular and the use of the singular includes the plural.

History: En. Sec. 3, Ch. 238, L. 1953.

#### **60-127. Powers and duties of commission.**

A. The commission has jurisdiction to exercise effectively the authority granted it by this act.

B. The commission has authority, and it is its duty, to make such investigations as it deems proper to determine whether waste exists or is imminent or whether other facts exist which justify any action by the commission under the authority granted by this act with respect thereto.

C. The commission has authority, and it is its duty:

(1) To require:

(a) Identification of ownership of oil or gas wells, producing properties and tanks,

(b) the making and filing of acceptable well logs, reports on well locations, and the filing of directional surveys, if made, provided, however, that logs of exploratory or wildcat wells need not be filed for a period of six (6) months following completion of such wells,

(c) the drilling, casing, producing and plugging of wells in such manner as to prevent the escape of oil or gas out of one stratum into another, the intrusion of water into oil or gas stratum, blowouts, cavings, seepages, and fires; and the pollution of fresh water supplies by oil, gas, salt, or brackish water,

(d) the furnishing of a reasonable bond with good and sufficient surety, conditioned for performance of the duty to properly plug each dry or abandoned well,

(e) proper gauging or other measuring of oil and gas produced and saved to determine the quantity and quality thereof,

(f) that every person who produces, transports or stores oil or gas in this state shall make available within this state for a period of five (5) years complete and accurate records of the quantities thereof, which records shall be available for examination by the commission or its agents at all reasonable times, and that every such person file with the commission such reports as it may prescribe with respect to quantities, transportations, and storages of such oil or gas.

(2) For the purpose of preventing waste,

(a) to regulate the drilling, producing and plugging of wells, the shooting and chemical treatment of wells, the spacing of wells, operations voluntarily entered into to increase ultimate recovery such as cycling of gas, the maintenance of pressure, and the introduction of gas, water, or other substances into producing formations and

(b) to fix, upon application made by any interested person after hearing, efficient gas-oil and water-oil ratios for any particular well or wells.

(3) To regulate disposal of salt water and oil field wastes.

(4) To classify wells as oil or gas wells for purposes material to the interpretation or enforcement of this act.

(5) To promulgate and to enforce rules, regulations and orders to effectuate the purposes and the intent of this act.

(6) To report as provided in section 2 (82-4002) of this act.

D. The commission shall have power and it shall be its duty to determine and prescribe what producing wells shall be defined as "stripper wells" and what wells shall be defined as "wildcat wells," and to make such orders as in its judgment shall be required to protect such wells, and to provide that stripper wells may be produced to capacity if it is deemed necessary in the interest of conservation so to do.

E. With respect to any pool or pools from which gas was being produced by a gas well or gas wells on or prior to the date on which this act takes effect, this act shall never be so construed as to authorize the commission at any time to limit or restrain the rate (daily or otherwise) of production of gas from such pool or pools by any well then or hereafter drilled and producing from such pool or pools to less than the rate at which such well can be produced without adversely affecting the quantity of gas ultimately recoverable by such well.

History: En. Sec. 4, Ch. 238, L. 1953; and Sec. 16, Ch. 93, L. 1969.

**60-128. Notice of intention to drill.** It shall be unlawful to commence the drilling of a well for oil or gas without first giving to the commission written notice of intention to drill, and obtaining a drilling permit as in this act hereafter provided.

History: En. Sec. 5, Ch. 238, L. 1953.

**60-129. Well spacing units—orders.**

A. To prevent or to assist in preventing waste of oil or gas prohibited by this act, the commission, upon its own motion or upon application of any interested person, after hearing, may by order established well spacing units for a pool, as to oil wells or as to gas wells or both, except in those pools which, prior to the effective date of this act, have been developed to such an extent that it would be impracticable or unreasonable to establish spacing units at the existing stage of development. Spacing units when established shall insofar as possible be of uniform size and shape for the entire pool.

B. The size and the shape of spacing units are to be such as will result in the efficient and economic development of the pool as a whole, and the size shall be the area that can be efficiently drained by one well.

C. Subject to the provisions of this act, the order establishing spacing units shall direct that no more than one (1) well shall be drilled and produced from the common source of supply on any spacing unit, and that the well shall be drilled at a location authorized by the order, with such exception as



may be reasonably necessary where it is shown, upon application, notice, and hearing, and the commission finds, that the spacing unit is located on the edge of a pool or field and adjacent to a producing unit, or, for some other reason, the requirement to drill the well at the authorized location on the spacing units would be inequitable or unreasonable.

D. An order establishing spacing units for a pool shall cover all lands then determined or then believed to be underlaid by such pool and may be modified after notice and hearing by the commission from time to time to include additional areas subsequently determined to be underlaid by such pool. When found necessary for the prevention of waste, an order establishing spacing units in a pool may be modified after notice and hearing by the commission to increase or decrease the size of spacing units in the pool, or to permit the drilling of additional wells on a reasonably uniform plan in the pool.

History: En. Sec. 6, Ch. 238, L. 1953.

**60-130. Pooling of interest within spacing unit—voluntary or on order of commission after hearing—contents of order.**

A. When two (2) or more separately owned tracts are embraced within a spacing unit, or when there are separately owned interests in all or a part of the spacing unit, then the persons owning such interests may pool their interests for the development and operation of the spacing unit. In the absence of voluntary pooling, within the spacing unit, the commission, upon the application of any interested person, may enter an order pooling all interests in the spacing unit for the development and operation thereof. Each such pooling order shall be made after hearing, and shall be upon terms and conditions that are just and reasonable, and that afford to the owner of each tract or interest in the spacing unit the opportunity to recover or receive, without unnecessary expense, his just and equitable share of the oil or gas produced and saved from such spacing unit. Operations incident to the drilling of a well upon any portion of a spacing unit covered by a pooling order shall be deemed, for all purposes, the conduct of such operations upon each separately owned tract in the spacing unit by the several owners thereof. That portion of the production allocated to each tract included in a spacing unit covered by a pooling order shall, when produced, be deemed for all purposes to have been produced from such tract by a well drilled thereon.

B. Each such pooling order shall make provision for the drilling and operating of a well on the spacing unit, and for the payment of the cost thereof, which cost may include a reasonable charge for supervision, handling and storage. As to each owner who refuses to pay his share of the costs of drilling and operating the well, the order shall provide for payment of his share of the cost out of, and only out of, production from the well allocable to his interest in the spacing unit, excluding royalty or other interest not obligated to pay any part of the cost thereof. In the event that any dispute as to such cost, the commission shall determine the proper cost. The order may provide in substance that the owners who agree to share in the cost of drilling and operating the well shall, unless they agree otherwise, be entitled to receive, subject to royalty or similar obligations, all of the production of the well until they have recovered all of such costs out of production and thereafter all of the owners in such spacing unit shall be entitled to receive their re-

spective shares of the production of such well as their interest may appear after deducting their respective shares of current operating costs.

History: En. Sec. 7, Ch. 238, L. 1953.

**60-131. Agreements for development and operation of pool—not in violation of state anti-trust laws when approved by commission.** An agreement for the unit or cooperative development and operation of a field or pool or any part of either, or for conducting re-pressuring or pressure maintenance operations, cycling or re-cycling operations, including the extraction and separation of liquid hydrocarbons from natural gas in connection therewith, or any other method of unit or cooperative operation, including water flooding, is authorized and may be performed. Such an agreement shall not be held or construed to violate any of the statutes of this state relating to trusts, monopolies or contracts and combinations in restraint of trade if the agreement is approved by the commission as being in the public interest and reasonably necessary to increase ultimate recovery or to prevent waste of oil or gas.

History: En. Sec. 8, Ch. 238, L. 1953.

**60-131.1. Operation of pool as unit—commission to hold hearing—notice.** The commission, upon the application of persons owning leasehold interests underlying sixty per cent (60%) of the surface within the delineated area, shall hold a hearing to consider the need for the operation as a unit, for pressure maintenance or secondary recovery purposes, of one or more pools or parts thereof in a field.

- (1) At least sixty (60) days prior to application, the applicant shall by registered or certified mail, notify all known persons owning an interest in the oil and gas within the proposed unit area as disclosed by the records of the county or counties in which the proposed unit area is situated, at such persons' last known address, of applicant's intention to make such application. At the same time producers will be furnished with a plan of unit operations. Upon written request of any operator of any lease which is in whole or in part within the confines of the proposed delineated area, applicant will furnish such operator with copies of any exhibits to be submitted to the commission at the time of hearing.

History: En. Sec. 1, Ch. 33, L. 1969.

**60-131.2. Commission order—criteria.** The commission shall make an order providing for the unit operation of a pool or pools or part thereof if it determines, based on evidence presented at such hearing, that:

- (1) Such operation is reasonably necessary to increase the ultimate recovery of oil or gas; and
- (2) The value of the estimated additional recovery of oil or gas less royalties exceeds the estimated additional cost incident to conducting such operations; and
- (3) The full areal extent of such pool or pools or part thereof has been reasonably defined and determined by drilling operations.

History: En. Sec. 2, Ch. 33, L. 1969.



**60-131.3. Terms and conditions of order—requirements.** The order shall be upon terms and conditions that are just and reasonable and shall prescribe a plan for unit operations that shall include:

- (1) A description of the pool or pools or parts thereof to be so operated, termed the unit area, but only so much of a pool as has reasonably been defined and determined by drilling operations to be productive of oil or gas may be included within the unit area.
- (2) A statement of the nature and purpose of the plan and operations contemplated, together with a copy of the proposed unit agreement and unit operating agreement.
- (3) A plan for allocating to each tract in the unit area its fair share of the oil and gas produced from the unit area and not required or consumed in the conduct of the operation of the unit area or unavoidably lost. No such plan shall be approved by the commission until the commission has considered the relative value that such share of production bears to the relative value of all of the separately owned tracts in the unit area, exclusive of physical equipment utilized in unit operations. In so considering such relative value, the commission shall weigh the economic value of the gas to all persons affected as compared to the economic value of the oil to all persons affected.
- (4) A provision for the credits and charges to be made in the adjustment among the owners in the unit area for their respective investments in wells, tanks, pumps, machinery, materials, and equipment contributed to the unit operations.
- (5) A provision providing how the costs of unit operations, including overhead and capital investments, shall be determined and charged to the separately owned tracts, including a provision for carrying or otherwise financing any owner who has not executed the proposed unit operating agreement and who elects to be carried or otherwise financed, allowing an interest charge of the then current prime rate plus two per cent (2%) for such service. Recovery of the money advanced, plus interest, shall be limited to, and only shall be recoverable from, such owners' share of production. Such recovery shall be as follows:
  - (a) During the period of depletion of the remaining estimated primary reserves from the unit, only from the production that is in excess of such owners' average actual rate of production during the eighteen (18) months immediately preceding the effective date of the unit. For purposes of this subsection, the term "primary reserves" means the oil or gas which would be produced from the unitized pool or pools as a result of the natural energy therein and without the introduction of a secondary recovery program.
  - (b) During the period subsequent to the depletion of the remaining estimated primary reserves from the unit, from one hundred per cent (100%) of such owners' share of production.
- (6) A provision for the supervision and conduct of the unit operations, in respect to which each owner shall have a vote with a value corresponding to the percentage of the costs of unit operations chargeable against the interest of such owner.

- (7) A provision whereby the unit operator, after having operated for a minimum period of two years, can be challenged by any other owner in the unit, and such challenging owner may succeed to the unit operations upon a showing that (a) he can operate more efficiently and economically than the present operator; (b) he is qualified and financially responsible; (c) a majority of the other owners, both in number and in percentage and exclusive of the challenged operator, approve such challenging owner becoming unit operator; and (d) the challenged operator does not initiate the conditions of operations of the challenging owner within sixty (60) days of the challenged operator's receipt of such conditions of operations.
- (8) The time when the unit operations shall commence, and the manner in which, and the circumstances under which, the unit operations shall terminate; and
- (9) Such additional provisions that are found to be appropriate for carrying on unit operations and for the protection and adjustment of correlative rights.

History: En. Sec. 3, Ch. 33, L. 1969.

**60-131.4. Plan for unit operations—approval by those paying costs required—conditions for approval.** No order of the commission providing for unit operations shall be come effective unless and until the plan for unit operations prescribed by the commission has been approved in writing by those persons who, under the commission's order, will be required to pay at least eighty per cent (80%) of the costs of the unit operations, and also by the persons owning at least eighty per cent (80%) of the production or proceeds, thereof that will be credited to interests which are free of cost, such as royalties, overriding royalties, and production payments, and the commission has made such a finding, either in the order providing for unit operations or in a supplemental order, that the plan for unit operations has been so approved; provided, however, that if one owner who is obligated to pay costs of the unit operation owns eighty per cent (80%) or more, but less than one hundred per cent (100%), the approval of that owner and at least one other such owner shall be required, and if one person entitled to production or proceeds thereof that will be credited to interests which are free of costs, owns eighty per cent (80%) or more, but less than one hundred per cent (100%), the approval of that person and at least one other such person shall be required. If the plan for unit operations has not been so approved at the time the order providing for unit operations is made, the commission shall, upon application and notice, hold such supplemental hearings as may be required to determine if and when the plan for unit operations has been so approved. If the requisite number of owners and persons and the requisite percentage of interests in the unit area do not approve the plan for unit operations within a period of six (6) months from the date on which the order providing for unit operations is made, such order shall be revoked by the commission unless for good cause shown the commission extends said time.

History: En. Sec. 4, Ch. 33, L. 1969.

**60-131.5. Amendment of commission order—conditions.** An order providing for unit operations may be amended by an order made by the commission in



the same manner and subject to the same conditions and notice as an original order providing for unit operations, provided (a) if such an amendment affects only the rights and interests of the owners the approval of the amendment by the persons owning interest which are free of costs, such as royalties, overriding royalties and production payments, shall not be required, and (b) no such order of amendment shall change the percentage for the allocation of oil and gas as established for any tract by the original order, except with the consent of all persons owning oil and gas rights in such tract, or change the percentage for the allocation of cost as established for any tract by the original order, except with the consent of all owners in such tract.

History: En. Sec. 5, Ch. 33, L. 1969.

**60-131.6. Units established by previous order may be included—manner of inclusion.** The commission, by an order, may provide for the unit operation of a pool or pools or parts thereof that embrace a unit established by an order of the commission made subsequent to the effective date of this amendment to Title 60, chapter 1, Revised Codes of Montana. Such order, in providing for the allocation of unit production, shall first treat the unit area previously established as a single tract, and the portion of the unit production so allocated thereto shall then be allocated among the tracts included in such previously established unit area in the same proportions as those specified in the previous order. Any new owner whose interest by such order is added to the unit area and who becomes liable for his proportionate share of the costs of unit operations will not be liable for any unit operating costs incurred prior to such person's entry in the unit. At the time such interest is included in the unit, an equipment inventory will be made in order to charge such newly committed interest with its proportionate share of capital investment at its then value. An oil-in-storage inventory will be taken immediately prior to adding the newly committed interest.

History: En. Sec. 6, Ch. 33, L. 1969.

Compiler's Notes: The effective date of this act was February 13, 1969.

**60-131.7. Unit operations on less than whole of pool.** An order may provide for unit operations on less than the whole of a pool where the unit area is of such size and shape as may be reasonably required for that purpose, and the conduct thereof will have no adverse effect upon other portions of the pool.

History: En. Sec. 7, Ch. 33, L. 1969.

**60-131.8. Presumptions—compliance with commission order constitutes fulfillment of lease or contract obligations.** All operations, including, but not limited to, the commencement, drilling, or operation of a well upon any portion of the unit area shall be deemed for all purposes the conduct of such operations upon each tract in the unit area by the several owners thereof. The portion of the unit production allocated to a tract in a unit area shall, when produced, be deemed, for all purposes, to have been actually produced from such tract by a well drilled thereon. Operations conducted pursuant to an order of the commission providing for unit operations shall constitute a fulfillment of all the express or implied obligations of each lease or contract covering lands in the unit area to the extent that such obligations cannot be performed because of the order of the commission.

History: En. Sec. 8, Ch. 33, L. 1969.



**60-131.9. Property rights—operator's lien—perfection of lien.** That portion of the unit production allocated to any tract, and the proceeds from the sale thereof, shall be the property and income of the several persons to whom, or to whose credit, the same are allocated or payable under the order providing for unit operations, except that the operator of the unit shall, subject to section 3, subsection 5 (a) (60-131.3, subdivision (5) (a)), have a first and prior lien upon each owner's oil and gas rights and his share of unitized production to secure the payment of such owner's proportionate part of developing and operating the unit area. Such lien may be perfected and enforced in the same manner as provided in Title 45, chapter 5, Revised Codes of Montana, 1947, as amended.

History. En. Sec. 9, Ch. 33, L. 1969.

**60-131.10. Contract relating to tract not terminated by commission order.** No division order or other contract relating to the sale or purchase or production from a tract shall be terminated by the order providing for unit operations, but shall remain in force and apply to oil and gas allocated to such tract until terminated in accordance with the provisions thereof.

History: En. Sec. 10, Ch. 33, L. 1969.

**60-131.11. Title to oil and gas rights not affected by commission order—allocation of property.** Except to the extent that the parties affected so agree, no order providing for unit operations shall be construed to result in a transfer of all or any part of the title of any person to the oil and gas rights in any tract in the unit area. All property, whether real or personal, that may be acquired in the conduct of unit operations hereunder shall be acquired for the account of the owners within the unit area, and shall be the property of such owners in the proportion that the expenses of unit operations are charged.

History: En. Sec. 11, Ch. 33, L. 1969.

**60-131.12. Trade not restrained by unit operations.** The formation of such a unit as herein provided and the operation of the unit under order of the commission shall not be in violation of any statute of this state relating to trusts, monopolies, contracts or combinations in restraint of trade.

History: En. Sec. 12, Ch. 33, L. 1969.

**60-131.13. Presumption of partnership not created by unit operation.** The formation of such a unit as herein provided will not create a relationship between the parties thereto which shall be deemed to be or constitute a joint endeavor, adventure, undertaking, association or mining or other partnership.

History: En. Sec. 13, Ch. 33, L. 1969.

Effective Date: Section 14 of Ch. 33, Laws 1969 provided the act should be in effect from and after its passage and approval. Approved February 13, 1969.

**60-132. Rules and regulations — hearings — notice of hearings — emergency orders.**

A. The commission shall prescribe rules and regulations governing the practice and procedure before the commission.

B. No rule, regulation or order, or amendment thereof, except in an emergency, shall be made by the commission without a public hearing upon at least ten (10) days' notice. The public hearing shall be held at such time and place as may be prescribed by the commission, and any interested person shall be entitled to be heard.

C. When an emergency requiring immediate action is found to exist, the commission is authorized to issue an emergency order without advance notice or hearing, which shall be effective upon promulgation. No emergency order shall remain effective more than fifteen (15) days.

D. Any notice required by this act shall be given by the commission and such notice shall be given as follows:

- (1) In all cases where a complaint has been made by the commission or by any person that any provision of this act, or any rule, regulation or order of the commission, is being or has been violated, notice of the hearing to be held on such complaint shall be given to the interested persons by one of the following methods:
  - (a) Personal service or service by publication in the manner as is now or shall hereafter be provided by law for the service of process in the civil action in the courts of this state; or
  - (b) by certified or registered United States mail, with full first class postage prepaid thereon and addressed to the last known mailing address of the person or persons affected.
- (2) In all other cases by publication in one or more issues of a newspaper in general circulation in the state capital and a newspaper of general circulation in the county where the land or some part thereon is situated, and it may also cause publication to be made in a trade journal or bulletin of general circulation in the oil and gas industry in the state.

The date of service shall be the date on which service was made in the case of personal service; the date of last publication in the case of service of publication under sub-section (a) of paragraph (1) above; the date of first publication in the case of notice by publication under the provisions of paragraph (2) above; and the date of mailing in the case of notice by mail under sub-section (b) of paragraph (1) above.

The notice shall be issued in the name of the State of Montana, shall be signed by the chairman or the executive secretary of the commission, shall specify the style and number of the proceeding, and the time and place of hearing, and shall briefly state the purpose of the proceeding.

In cases of personal service such service may be made by any officer or person authorized by law to serve process, or by any agent of the commission, in the same manner as is now or may hereafter be provided by law for the service of process in a civil action in the district courts of this state.



Proof of personal service shall be made by the affidavit of the officer, person or agent of the commission making such personal service. Proof of service by publication shall be made by the affidavit of the printer or publisher of the newspaper, trade journal, or bulletin in which the notice is published, or by a foreman or principal clerk of such newspaper, bulletin or trade journal. Proof of service by mailing shall be made by the affidavit of the chairman or executive secretary of the commission.

In the case where personal service or services by publication is made as provided in section (a) of paragraph (1) above, the secretary of the commission shall for such purposes, be vested with the same power and charged with the same duties as the clerk of the district courts of this state.

E. All rules, regulations and orders issued by the commission shall be in writing, shall be entered in full in books to be kept by the commission for that purpose, shall be indexed, and shall be public records open for inspection at all times during reasonable business hours. Except for orders establishing or changing rules of practice and procedure, all orders made and published by the commission shall include and be based upon written findings of fact entered and indexed as public records in the manner hereinabove provided. A copy of any rule, regulation, or order certified by the commission or its secretary shall be received in evidence in all courts of this state with the same effect as the original.

F. Except as otherwise in this act provided, the commission may act upon its own motion, or upon the petition of any interested person. On the filing of a petition concerning any matter within the jurisdiction of the commission, the commission shall promptly fix a date for a hearing thereon, and shall cause notice of the hearing to be given. The hearing shall be held without undue delay after the filing of the petition. The commission shall enter its order within thirty (30) days after the hearing.

History: En. Sec. 9, Ch. 238, L. 1953; Amd. Sec. 1, Ch. 213, L. 1961.

**60-133. Subpoena power of commission—act does not abrogate civil actions—enforcement of act when commission fails to enjoin violations.**

A. The commission shall have the power to subpoena witnesses, to administer oaths, and to require the production of records, books, and documents for examination at the hearing or investigation conducted by it. Subpoenaed witnesses shall be paid the same per diem and mileage as is provided to be paid to witnesses attending the district courts of the state.

B. Nothing in this act, and no suit by or against the commission, and no violation charged or asserted against any person under any provisions of this act, or any rule, regulation or order issued hereunder, shall impair or abridge or delay any cause of action for damages or other civil remedy, which any person may have or assert against any other person violating any provision of this act, or any rule, regulation, or order issued thereunder. Any person so aggrieved by the violation may sue for and recover such damages or relief as he otherwise may be entitled to receive. If the commission shall fail to bring suit to enjoin a violation or threatened violation of any provision of this act, or any rule, regulation, or order of the commission within ten (10) days after receipt of written request to do so by any person, who is or will



be adversely affected by such violation, the person making such request may bring such suit in his own behalf to restrain such violation or threatened violation in any court in which the commission might have brought suit. The commission shall be made a party defendant in such suit in addition to the person violating or threatening to violate a provision of this act, or a rule, regulation, or order of the commission, and the action shall proceed and injunctive relief may be granted without bond in the same manner as if suit had been brought by the commission.

C. In case of failure or refusal on the part of any person to comply with the subpoena issued by the commission or in case of the refusal of any witness to testify as to any material matter regarding which he may be interrogated, any district court in the state, upon good cause shown by the application of the commission, may issue a warrant of attachment for such person and if after hearing the court finds his failure or refusal to be unjustified, compel him to comply with such subpoena, and to attend before the commission and produce any subpoenaed records, books, and documents for examination, and to give his testimony. Such court shall have the power to punish for contempt as in the case of disobedience to a like subpoena issued by the court, or for refusal to testify therein.

History: En. Sec. 10, Ch. 238, L. 1953.

**60-134. Rehearing.** Any person adversely affected by any rule, regulation, or order of the commission may within twenty (20) days after its effective date apply to the commission in writing for a rehearing. The application for rehearing shall be acted upon within ten (10) days after its filing, and if granted, the rehearing shall be held without undue delay.

History: En. Sec. 11, Ch. 238, L. 1953.

**60-135. Court review of order of commission by suit for injunction—trial de novo—temporary restraining order, when allowed, bond—appeals.**

A. Any interested person adversely affected by any provision of this act, or by any rule, regulation, or order made by the commission hereunder, or by any act done or threatened thereunder, may obtain court review and seek relief by a suit for an injunction against the commission as defendant, which suit may be instituted in the district court of the county where the commission keeps its principal office, or in the district court of any county wherein the land involved or any part thereof is situated. The term "interested person," as used herein, shall be interpreted broadly and liberally, especially where the suit involves the right to drill a well, or involves some other act which clearly affects the plaintiff even though the effect be indirect; and if the act complained of involves a general order for a pool, or the right to drill a well therein, a person who owns or has an interest in a well in such pool, which well is capable of producing oil or gas, shall be considered to be, prima facie, an interested person. Such suit shall be given a preferential setting, and shall be tried de novo and disposed of as an ordinary civil suit, and not upon the record of any hearing or hearings before the commission, if any be held. The statute, rule, regulation, or decision involved in such suit shall be prima facie valid; however, the finding of fact, actual or presumed, made by the commission in support of the rule, regulation, order, or decision involved in such suit shall not be binding on the court though supported

by the evidence introduced at a hearing or hearings before the commission. The court shall decide all relevant questions of law, interpret constitutional and statutory provisions, and determine the meaning or applicability of the terms of any commission action. The court shall (a) compel commission action unlawfully withheld or unreasonably delayed; and (b) hold unlawful and set aside commission action, findings, and conclusions found to be

- (1) arbitrary, unreasonable, capricious, and abuse of discretion, or otherwise not in accordance with law;
- (2) contrary to constitutional right, power, privilege, or immunity;
- (3) in excess of statutory jurisdiction, authority or limitations, or short of statutory right;
- (4) without observance of procedure required by law; or
- (5) unwarranted by the facts.

The court shall consider all the evidence, shall pass on the credibility of witnesses and the weight to be given their testimony, and shall resolve such fact issues as may be necessary for decision in the case.

B. No temporary restraining order or temporary injunction of any kind shall be granted against the commission and its members or against the attorney general, or against any agent, employee, or representative of the commission, restraining the commission and its members, or any of its agents, employees, or representatives, or the attorney general, from enforcing any of the provisions of this act, or any rule, regulation, or order made thereunder until it shall be shown to the satisfaction of the court that the act done or threatened is probably without sanction of the law or that the provisions of this act, or the rule, regulation, or order complained of is probably invalid or unreasonable, and that, if enforced against the complaining party, will probably cause an irreparable injury. With respect to any order or decree granting temporary injunctive relief, the nature and extent of the probable invalidity of the statute, or any provision of this act, or of a rule, regulation, or order thereunder involved in such suit, must be recited in the order or decree granting the temporary relief, as well as a clear statement of the probable damage relied upon by the court as justifying temporary injunctive relief.

C. No temporary restraining order or temporary injunction of any kind against the commission or its members, or its agents, employees, or representatives, or the attorney general, shall become effective until the plaintiff shall execute a bond with sufficient sureties in such amount and upon such conditions as the court may direct. The bond shall be made payable to the State of Montana, shall be approved by the judge of the court, and shall be for the use and benefit of all persons who may be injured by the acts done under the protection of the temporary restraining order or temporary injunction. Any person claiming injury must bring suit within six (6) months after the date of the final determination of validity, in whole or in part of the provisions of the act or the rule, regulation, or order, the enforcement of which was enjoined; otherwise the right to bring such suit shall be forever barred.

D. An appeal to the supreme court may be taken from any final judgment, decree or order in any such action, as provided in Chapter 80, Title 93, Revised Codes of Montana, 1947.

History: En. Sec. 12, Ch. 238, L. 1953.



**60-136. Enjoining violations of act.** Whenever it appears that any person is violating or threatening to violate any provision of this act, or any rule, regulation, or order of the commission, the commission shall bring suit against such person in the district court of any county where the violation occurs or is threatened, to restrain such person from continuing such violation or from carrying out the threat of violation. In any such suit, the court shall have jurisdiction to grant to the commission, without bond or other undertaking, such prohibitory and mandatory injunctions as the facts may warrant, including temporary restraining orders.

History: En. Sec. 13, Ch. 238, L. 1953.

**60-137. Rules and regulations of the board of railroad commissioners and of oil conservation board not in conflict with this act remain effective.** All of the rules, regulations and orders of the board of railroad commissioners of the State of Montana and of the oil conservation board of the State of Montana in effect at the effective date of this act and not in conflict herewith, covering, pertaining to, or relating to any of the regulatory authority, matters and things embraced in this act shall be and remain in full force and effect as rules, regulations and orders of the commission until abrogated or amended by rules, regulations and orders duly promulgated by the commission.

History: En. Sec. 14, Ch. 238, L. 1953.

**60-138. Commission substituted for board of railroad commissioners and oil conservation board in all agreements, contracts, proceedings, etc., pertaining to matters embraced in this act.** The commission shall be and hereby is substituted for the board of railroad commissioners of the State of Montana and the oil conservation board of the State of Montana in all agreements, contracts, undertakings and proceedings covering or pertaining to the regulatory authority, matters and things embraced in this act, and shall be subject to the liabilities and entitled to the benefits thereof.

History: En. Sec. 15, Ch. 238, L. 1953.

**60-139. Records of oil conservation board and board of railroad commissioners pertaining to matters embraced in this act become property of the commission—money in oil conservation board fund transferred—taxes, penalties, etc., saved from repealing clause.** All property and records of the oil conservation board of the State of Montana and all records of the board of railroad commissioners pertaining to any regulatory authority, or matters, or things, embraced in this act shall forthwith, upon the effective date of this act, be and become the property and records of the commission. All money in the "oil conservation board fund" shall be transferred forthwith by the treasurer of the State of Montana to the oil and gas conservation fund upon the effective date of this act subject to the payment of all lawful outstanding claims, demands and warrants of every nature existing. The commission is empowered to collect any and all taxes together with any penalty and interest which may be due and payable to the oil conservation board on the effective date of this act and the moneys so collected shall be credited to the oil and gas conservation fund, all of said taxes, penalties and interest and the right to collect the same being hereby saved from the repealing provision of this act.

History: En. Sec. 16, Ch. 238, L. 1953.



**60-140. Lands subject to act.** This act shall apply to all lands in the State of Montana lawfully subject to its taxation and police powers: provided, it shall apply to lands of the United States or to lands subject to the jurisdiction of the United States only to the extent that control and supervision of conservation of oil and gas by the United States on its lands shall fail to effect the intent and purposes of this act and otherwise shall apply to such lands to such extent as any officer of the United States having jurisdiction, or his duly authorized representative, shall approve any of the provisions of this act or the order or orders of the commission which affect such lands; and, furthermore, the same shall apply to any lands committed to a unit agreement approved by the secretary of the interior or his duly authorized representative except that the commission may, with respect to such unit agreements, suspend the application of this act or any part of this act so long as the conservation of oil and gas and the prevention of waste as in this act provided is accomplished under such unit agreements but such suspension shall not relieve any operator or owner from making such reports as may be required by the commission with respect to operations and production under any such unit agreement; nor shall such suspension relieve any operator or owner from the payment of taxes on his oil and gas production or payment for permit fees as required by this act.

History: En. Sec. 17, Ch. 238, L. 1953.

**60-141. Cooperation with other governmental units and agencies.** The commission is authorized to cooperate with any other state, interstate, or federal agency, and other governmental agencies of the State of Montana to effect the objects and purposes of this act and expend such funds as may be reasonably necessary in connection therewith.

History: En. Sec. 18, Ch. 238, L. 1953.

**60-142. Penalties.** If any person shall wilfully violate any lawful regulation or order of said commission, or if any person, for the purpose of evading this act, or any rule, regulation, or order of the commission, shall knowingly and wilfully

- (1) make or cause to be made any false entry or statement in a report required by this act or by any such rule, regulation, or order, or any false entry in any record, account, or memorandum required by this act, or by any such rule, regulation, or order, or
- (2) omit, or cause to be omitted, from any such record, account, or memorandum, full, true, and correct entries as required by this act or by any such rule, regulation, or order, or
- (3) remove from this state or destroy, mutilate, alter, or falsify any such record, account, or memorandum, such person shall be guilty of a misdemeanor and, upon conviction, shall be subject to a fine of not more than five thousand dollars (\$5,000.00) or imprisonment in a county jail for a term not exceeding six (6) months, or to both such fine and imprisonment.

History: En. Sec. 19, Ch. 238, L. 1953.

**60-143. Act does not constitute oil or gas wells as public utilities.** Nothing in this act contained shall in any manner be construed as constituting or attempting to constitute oil or gas wells as a public utility or utilities.

History: En. Sec. 20, Ch. 238, L. 1953.

**60-144. Owners shall make available to commission cores and cuttings.** Any owner drilling a well for gas or oil shall make available to the commission at its field offices representative cores or chips, when available, and the cuttings from such well. Providing, however, that cores, chips, or cuttings need not be so made available for a period of six (6) months following completion or abandonment of such wells. As pertains to the furnishing of cores, cuttings, or chips, the commission may, however, relieve the owner of any well of the obligation to furnish the same when in the opinion of the commission, the furnishing thereof would be unduly burdensome for such owner; provided, however, that such owner desiring relief must apply to and receive permission from the commission to not so furnish. The owner of any stratigraphic test well drilled for the purpose of obtaining lithologic information useful in potential oil and gas operations, as such well is defined by the commission's rules and regulations, shall within six (6) months from the date of the cessation of the drilling of such well, make available to the commission, complete sets of sample cuttings and representative cores or chips and well logs of such wells, which logs shall include among other information the size of casing used and the type and depth of water if any located, and such cuttings, cores, chips and logs shall be impounded and kept secure and confidential by the commission until such time that the commission shall desire to use the same; provided that the commission may not use such logs, chips, cores and cuttings from stratigraphic test wells until a period of three (3) years from the date of their impounding by the commission has elapsed unless the owner of such stratigraphic test well consents to their use by the commission prior to the expiration of the three (3) year period. The commission, during the period of impoundment for any cores, cuttings, chips, or logs from any stratigraphic test well, shall not give any person access to said cores, chips, cuttings or logs, and it shall not disclose any information relating thereto or derived therefrom. The commission shall require, and the owner of any stratigraphic test well shall furnish, prior to the commencement of drilling of such well, a good and sufficient surety bond, to be approved prior to the commencement of such drilling, conditioned upon the proper plugging of such well prior to abandonment, the amount of the said bond to be determined by the estimated depth, as in the commission's rules and regulations provided for oil and gas wells, and, prior to abandonment, such wells shall be plugged by the owner thereof, or by the surety should the said owner be in default, such plugging to conform to the standards set down and determined by the commission. The provisions of this section shall not apply to core holes or tests less than one thousand (1,000) feet in depth drilled primarily for structural information.

History: En. Sec. 21, Ch. 238, L. 1953; Amd. Sec. 1, Ch. 224, L. 1955; Amd. Sec. 1, Ch. 234, L. 1959.

**60-145. Privilege and license tax, quarterly statements, penalties—drilling permit fees—oil and gas conservation moneys.**

A. For the purpose of providing funds for defraying the expenses of the operation and enforcement of this act, and expenses of said oil and gas



conservation commission, the operators and producers of oil and gas shall be required to pay, and they will pay, an assessment not to exceed the amounts set forth in the following schedule on each and every barrel of crude petroleum originally produced, saved and marketed or stored within the State of Montana, or exported from the State of Montana, and on each and every ten thousand (10,000) cubic feet of natural gas produced, saved and marketed or stored within the State of Montana, or exported therefrom, to-wit:

- (1) On leases on which wells are producing an average of twenty-five (25) barrels of crude petroleum per day, or less, an assessment not to exceed one-fourth of one cent ( $\frac{1}{4}c$ ) per barrel;
- (2) on leases on which wells are producing an average of more than twenty-five (25) barrels of crude petroleum per day, an assessment not to exceed one-half of one cent ( $\frac{1}{2}c$ ) per barrel;
- (3) and, on wells producing, saving and marketing, storing, or exporting natural gas, said operators and producers shall pay an assessment not to exceed one (1) mill per ten thousand (10,000) cubic feet of natural gas.

Such payments shall be made during the time the oil and gas conservation commission is in existence. The commission shall by order, without prior notice and/or hearing, fix the amount of such assessments in the first instance and may, from time to time, without prior notice and/or hearing, reduce or increase the amount thereof as, in its judgment, the expenses chargeable against the oil and gas conservation fund may require; provided, however, that in no event shall the assessments fixed by the commission exceed the said limits hereinabove prescribed. The amounts of such assessments to be fixed by the commission in the first instance and from time to time as herein provided, shall be a percentage factor (not to exceed one-hundred per cent) of the rates set forth in sub-paragraphs (1), (2) and (3) above, and the same percentage factor shall be used and applied by the commission in fixing the amount of the assessment on each barrel of crude production and each ten thousand (10,000) cubic feet of natural gas mentioned in sub-paragraphs (1), (2) and (3) above. The producers of said crude petroleum and natural gas shall pay such assessments on each and every barrel of crude petroleum and each ten thousand (10,000) cubic feet of natural gas produced for themselves, as well as for others, including royalty holders, and said producers shall be reimbursed for such payments made on crude oil and natural gas produced for others in the same manner as they are reimbursed for net proceeds tax paid on crude petroleum or natural gas produced for others as provided for in Section 84-6208, Revised Codes of Montana, 1947.

For the purposes of this section, a "lease" shall mean that particularly described tract of land contained in a contract in writing, under seal, whereby a person having a legal estate in the land so described conveys a portion of his interest to another, in consideration of a certain rental or other recompense or consideration. Further, for the purposes of this section, leases owned or operated by one lessee which in whole or in part cover or affect an underground reservoir containing a common accumulation of crude petroleum oil or natural gas, or both, or which are encompassed within or affected by one particular unit agreement shall be considered as one lease relative to payments to be made under this section.



In addition to the above-mentioned privilege and license tax, any person, before commencing the drilling of any oil or gas well, shall secure from the commission a drilling permit and shall pay to the commission therefor the following amounts: for each well whose estimated depth is thirty-five hundred (3500) feet or less, twenty-five dollars (\$25.00); from thirty-five hundred and one (3501) feet to seven thousand (7000) feet, seventy-five dollars (\$75.00); seven thousand and one (7001) feet and deeper, one hundred fifty dollars (\$150.00).

B. Each producer of crude petroleum in the State of Montana shall, not later than the last day of each of the calendar months of January, April, July and October, of each and every calendar year, render a true statement to the state treasurer of the State of Montana, and a duplicate thereof to the commission, duly signed and sworn to, of all crude petroleum produced by him in this state during the preceding three (3) calendar months, and containing such other information as the commission may require, and shall accompany such statement with the payment to the state treasurer of the assessment provided for in subsection A. of this section, above, for the period covered by such statement. Each producer of natural gas in the State of Montana shall render like statements to the state treasurer of all natural gas produced by him in this state, and shall make payment of the assessment provided for in said subsection A. of this section, above, at such times and for such periods as may be prescribed by regulation of the commission. Any producer carrying on business at more than one (1) place or location in this state may include all such places of business in one (1) statement.

C. Any such assessment not paid within the time herein specified shall be delinquent, and a penalty of twenty-five per cent (25%) thereof shall be added thereto and the whole thereof shall bear interest at the rate of one per cent (1%) per month from the date of delinquency until paid. Upon request of the commission it shall be the duty of the attorney general to commence and prosecute to final determination in any court of competent jurisdiction an action at law to collect the same.

D. All money collected under the provisions of this act shall be deposited in the earmarked revenue fund by the state treasurer of the state of Montana, and shall be used for the purpose of paying all expenses of said commission and for no other purpose; all such moneys shall be used by said commission subject to the approval of the controller and biennial appropriations by the legislative assembly. Upon the termination of said commission any such money remaining shall be paid over to the general fund of the state. All accounts and expenditures of said commission shall be certified by the commission, approved as provided by law and paid by the state treasurer.

E. The commission may appoint a secretary and employ such other persons as experts, assistants, clerks, and stenographers, as may be deemed necessary to perform the duties that may be required of it, and fix their compensation; provided, however, that the total expenditures of such commission shall not exceed in the aggregate during any fiscal year, the amount actually collected under the provisions of subsection A. of this section, above, plus any amount appropriated for that purpose. The members of the commission shall be allowed their several expenses incurred in the discharge of their duties, as is elsewhere provided in this act.

History: En. Sec. 22, Ch. 238, L. 1953; Amd. Sec. 1, Ch. 234, L. 1955; Amd.

Sec. 1, Ch. 198, L. 1957; Amd. Sec. 1, Ch. 47, L. 1961; Amd. Sec. 160, Ch. 147, L. 1963.

#### **60-146. Definitions.**

In this act the expression:

- (a) "Bureau" shall mean the bureau of mines and geology of the State of Montana school of mines;
- (b) "Commission" shall mean the oil and gas conservation commission of the State of Montana;
- (c) "Station" shall mean the petroleum field station located in the city of Billings, county of Yellowstone, State of Montana, including all real and personal property used in connection with the operation of said station, and buildings and structures upon such real property.

History: En. Sec. 1, Ch. 32, L. 1957.

**60-147. Transfer of jurisdiction and record.** On or before the effective date, as hereinafter provided, all jurisdiction, control, supervision, custody, property and records of the said station shall be and become transferred from the jurisdiction of the bureau to the commission, and the said commission shall, after the effective date hereinafter provided, assume the said jurisdiction, control, supervision and custody of all property, real and personal, and records located at or pertaining to the said station; that the property so transferred shall be and become the property of the commission; that the operation and maintenance of the said station shall be done and performed by the commission from and after the said effective date hereinafter provided, and the necessary expenditures therefor shall be paid from oil and gas conservation commission moneys, in the earmarked revenue fund upon proper vouchers, by the state treasurer; that the said transfer of property, real, personal, or mixed, and the records from the bureau to the commission shall be made without lien, encumbrance, or obligation of any sort, upon said property and records, and it is the express intention hereby to transfer said property and records to the commission free and clear.

History: En. Sec. 2, Ch. 32, L. 1957; Amd. Sec. 161, Ch. 147, L. 1963.

#### **60-148. Availability of facilities to bureau.**

The commission is, by this act, authorized to make available to the authorized personnel or representatives of the bureau such facilities, equipment, records, and cores and cuttings, or samples of cores and cuttings, as are, or may be, required by the bureau in the furtherance of its oil and gas research and study.

History: En. Sec. 3, Ch. 32, L. 1957.

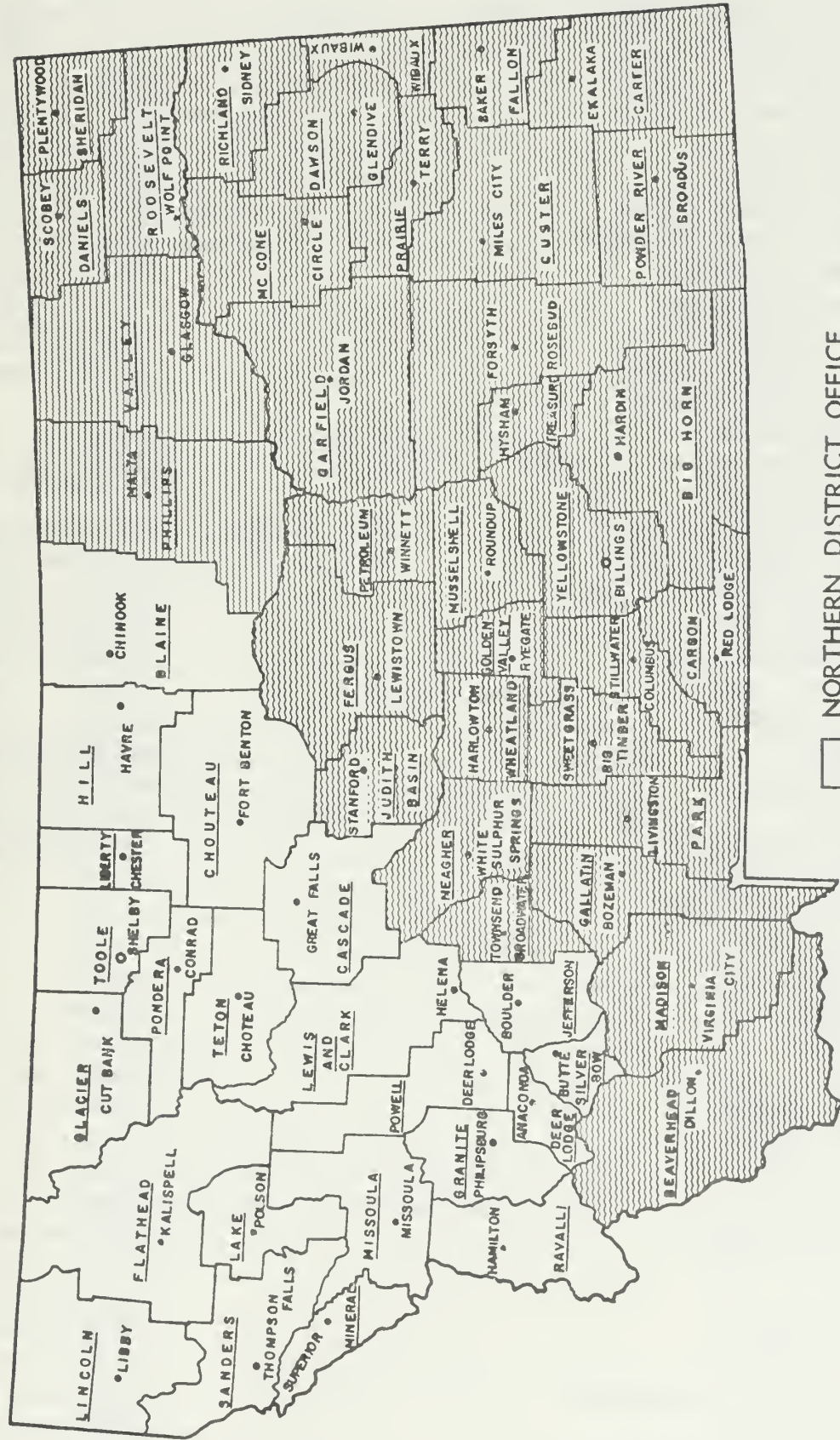
#### **\* \* NOTE \* \***

In the original Act, there were, in addition to the 22 sections in the Act, three additional sections, designated as Section 23 (if one part of Act is invalid the remainder of the Act shall be valid), Section 24 (repealing Sections 60-101 to 60-123, both inclusive), and Section 25 (Act to take effect April 1, 1953, approved March 9, 1953). These three sections were not given code section numbers and do not appear in the Revised Codes of Montana, 1947.



## STATE OF MONTANA

HELENA



NORTHERN DISTRICT OFFICE

P. O. BOX 690, SHELBY, MONTANA 59474

SOUTHERN DISTRICT OFFICE

15 POLY DRIVE, BILLINGS, MONTANA 59101



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